



Huabao International Holdings Limited
華寶國際控股有限公司

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 00336

Flavor Your Life

美味生活



2017-2018
Interim Report 中期報告



Contents 目錄

Corporate Information 公司資料	2
Financial Highlights 財務摘要	4
Management Discussion and Analysis 管理層討論及分析	5
Other Information 其他資料	20
Review Report 審閱報告	28
Condensed Consolidated Statement of Financial Position 簡明綜合財務狀況表	30
Condensed Consolidated Income Statement 簡明綜合收益表	31
Condensed Consolidated Statement of Comprehensive Income 簡明綜合全面收益表	32
Condensed Consolidated Statement of Changes in Equity 簡明綜合權益變動表	33
Condensed Consolidated Cash Flow Statement 簡明綜合現金流量表	34
Notes to the Condensed Consolidated Interim Financial Information 簡明綜合中期財務資料附註	35
Glossary 詞彙	71

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. CHU Lam Yiu (*Chairwoman & CEO*)
Mr. XIA Li Qun (*Vice Chairman*)
Mr. POON Chiu Kwok (*Company Secretary*)
Mr. XIONG Qing (*CFO*)
Mr. LAM Ka Yu

Independent Non-executive Directors

Mr. LEE Luk Shiu
Ms. MA Yun Yan
Dr. DING Ningning
Mr. WU Chi Keung

AUDIT COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Ms. MA Yun Yan
Dr. DING Ningning
Mr. WU Chi Keung

REMUNERATION COMMITTEE

Mr. LEE Luk Shiu (*Chairman*)
Ms. MA Yun Yan
Mr. WU Chi Keung
Mr. XIA Li Qun

NOMINATION COMMITTEE

Ms. CHU Lam Yiu (*Chairwoman*)
Mr. LEE Luk Shiu
Dr. DING Ningning

QUALIFIED ACCOUNTANT

Ms. CHOY Man Har *FCPA, FCCA*

COMPANY SECRETARY

Mr. POON Chiu Kwok *FCIS, FCS, FCPA (Aust.)*

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISOR

Herbert Smith Freehills

PRINCIPAL BANKERS

China Citic Bank Corporation Limited
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
Standard Chartered Bank (HK) Limited

公司資料

董事會

執行董事

朱林瑤女士 (*主席兼首席執行官*)
夏利群先生 (*副主席*)
潘昭國先生 (*公司秘書*)
熊卿先生 (*首席財務官*)
林嘉宇先生

獨立非執行董事

李祿兆先生
麻雲燕女士
丁寧寧博士
胡志強先生

審核委員會

李祿兆先生 (*主席*)
麻雲燕女士
丁寧寧博士
胡志強先生

薪酬委員會

李祿兆先生 (*主席*)
麻雲燕女士
胡志強先生
夏利群先生

提名委員會

朱林瑤女士 (*主席*)
李祿兆先生
丁寧寧博士

合資格會計師

蔡文霞女士 *FCPA, FCCA*

公司秘書

潘昭國先生 *FCIS, FCS, FCPA (Aust.)*

核數師

羅兵咸永道會計師事務所

法律顧問

史密夫斐爾律師事務所

主要往來銀行

中信銀行股份有限公司
招商銀行股份有限公司
中國民生銀行股份有限公司
渣打銀行(香港)有限公司

Corporate Information (cont'd)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 3008
30th Floor, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

BRANCH SHARE REGISTRAR

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

STOCK CODE

The Stock Exchange of Hong Kong Limited: 00336

COMPANY WEBSITE

www.huabao.com.hk

公司資料 (續)

總部及香港主要營業地點

香港
灣仔
港灣道18號
中環廣場30樓
3008室

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

股份過戶登記分處

卓佳登捷時有限公司
香港
皇后大道東183號
合和中心22樓

股份代號

香港聯合交易所有限公司：00336

公司網址

www.huabao.com.hk

Table of Financial Highlights

財務摘要表

		Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月		
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元 (經重列)	Change in percentage 百分比變動
Sales	營業額	1,637,877	1,580,110	+3.7%
Gross profit	毛利	1,067,291	1,028,926	+3.7%
<i>Gross profit margin</i>	<i>毛利率</i>	65.2%	65.1%	
Operating Profit	營運盈利	605,259	563,013	+7.5%
<i>EBITDA margin[‡]</i>	<i>EBITDA率[‡]</i>	43.0%	42.4%	
<i>EBIT margin</i>	<i>EBIT率</i>	37.0%	35.6%	
Profit before income tax	除稅前盈利	650,729	583,358	+11.5%
Profit for the Period	本期間盈利	503,979	464,556	+8.5%
Profit attributable to the equity holders of the Company	本公司權益持有人應佔權益	456,894	473,956	-3.6%
Adjusted profit attributable to the equity holders of the Company [#]	調整後本公司權益持有人應佔權益 [#]	474,894	473,956	+0.2%
Earnings per share (RMB cents)	每股盈利(人民幣分)			
– Basic	– 基本	14.70	15.26	-3.7%
– Diluted	– 攤薄	14.70	15.26	-3.7%
Adjusted basic earnings per share [#] (RMB cents)	調整後之每股基本盈利 [#] (人民幣分)	15.28	15.26	+0.1%
Interim dividend per share (HK cents)	每股中期股息(港幣仙)	10.30	–	
Special dividend per share (HK cents)	每股特別股息(港幣仙)	5.70	–	

		Unaudited 未經審核 As at 30 September 2017 於二零一七年 九月三十日 RMB'000 人民幣千元	Audited 經審核 As at 31 March 2017 於二零一七年 三月三十一日 RMB'000 人民幣千元
Net Cash ⁺	淨現金 ⁺	4,880,220	4,826,455

[‡] "EBITDA margin" means "Earnings before taxes, interest, depreciation, and amortization" divided by Sales"

[#] Excluding provision for impairment on other non-current assets of RMB18,000,000.

⁺ "Net Cash" means "Short-term time deposits" and "Cash and cash equivalents" minus "Borrowings".

[‡] 「EBITDA率」等於「除稅、利息、折舊及攤銷前的盈利」除以「營業額」。

[#] 撇除其他非流動資產減值撥備人民幣18,000,000元。

⁺ 「淨現金」等於「短期定期存款」加「現金及現金等價物」減「貸款」。

Management Discussion And Analysis

管理層討論及分析

RECENT COOPERATIONS AND ACQUISITIONS

During the reporting period, the Group invested RMB25.208 million to acquire 95% equity interest of Jiangxi Xianghai. The Group will utilize its mastered core technologies to build Jiangxi Xianghai as an important production base for the aroma raw materials segment, which will be principally engaged in the production, research and development and sales of natural and various synthetic aroma raw materials. The completion of building and commencement of the production base would not only meet the environmental protection requirements of China, but also improve the operating efficiency of the aroma raw materials segment, which has great significance to put forward the strategic layout of the Group's aroma raw materials segment.

最新合作與收購

報告期內，本集團出資人民幣2,520.8萬元收購了江西香海95%之股權。本集團將利用已掌握的核心技術，把江西香海打成本集團重要的香原料基地，主要從事天然及各類合成香原料的生產、研發和銷售。該生產基地的建成投產，不但可以滿足國家對於環保的要求，還可以提高香原料板塊的經營效率，對推進本集團香原料板塊的戰略佈局具有重要意義。

INDUSTRY OVERVIEW

Overview of the tobacco industry

In the first half of 2017, the global economy recovered moderately. Benefited from the solid progress of the supply-side structural reform, China's economy continued to grow steadily. With the economic operation indicators turning better thoroughly, the operation quality and efficiency of the tobacco industry improved progressively. The tobacco industry maintained a steady growth trend.

行業概況

煙草行業概況

二零一七年上半年，全球經濟溫和復甦。得益於供給側結構性改革的紮實推進，中國經濟穩定增長。在經濟運行指標全面好轉的同時，煙草行業運行質量和效益穩步提升。煙草行業保持穩中向好態勢。

In the first half of this year, the total sales volume of cigarettes was about 24.75 million cases, representing an increase of approximately 0.38 million cases or 1.6% as compared to the corresponding period last year, completing the annual sales target of 52.3%. The total cigarette production volume was about 22.49 million cases, representing a decrease of 0.75 million cases or 3.2% as compared to the corresponding period last year. The volume of sales was greater than production by 2.26 million cases, creating a favorable condition for the industry to destock the industrial and commercial inventories. Industrial and commercial inventories fell below 5 million cases in May for the first time this year, and even dropped to 4.7 million cases at the end of June, representing a decrease of 0.79 million cases as compared to the corresponding period last year. In the first half of this year, the tobacco industry realised profit and tax of RMB592.9 billion, representing an increase of RMB10.35 billion or 1.8% as compared to the corresponding period last year, and completed 53.9% of the full-year target on profit and tax, which successfully achieved the result that "more than half of the task was finished by using half of the time".

上半年全行業累計銷售捲煙2,475萬箱，較去年同期增加38萬箱或1.6%，完成全年銷量目標的52.3%。全行業累計生產捲煙2,249萬箱，同比減少75萬箱或3.2%，實現銷大於產226萬箱，為行業壓縮工商庫存創造了有利條件。工商庫存今年5月首次降至500萬箱以下，6月末更是降至470萬箱，同比減少79萬箱。全行業上半年累計實現稅利總額人民幣5,929億元，較去年同期增加人民幣103.5億元或1.8%，完成全年稅利目標的53.9%，順利實現了時間過半，任務過半。

Management Discussion And Analysis (cont'd)

In terms of the niche markets, the cigarette consumption showed a new trend of development. First of all, sales volume of slim cigarettes continued to maintain high growth. In the first half of this year, sales volume of slim cigarettes reached 1.148 million cases, representing an increase of approximately 0.521 million cases or 83.0% as compared to the corresponding period last year, which accounted for 4.6% of the national sales volume, representing an increase of 2.0 percentage points as compared to the corresponding period last year. Secondly, short cigarettes and flavour capsule cigarettes developed rapidly. In the first half of this year, sales volume of short cigarettes reached 0.108 million cases, representing an increase of 180.1% as compared to the corresponding period last year; sales volume of flavour capsule cigarette reached 0.135 million cases, representing an increase of 0.101 million cases as compared to the corresponding period last year, which became the largest sales volume product, except slim cigarettes, in the niche markets. The rapid development of slim cigarettes, short cigarettes and flavour capsule cigarettes played a positive role in stabilizing the sales and improving the structure for tobacco industry. In addition, with the recovery of the premium cigarette market, the sales volume of premium cigarettes in the first half of this year reached 1.67 million cases, representing an increase of 0.146 million cases or 9.6% as compared to the corresponding period last year, which was 8 percentage points higher than the national average. Premium cigarettes became the main force in the structural upgrade of the industry.

In terms of tobacco leaves, after three years of macro regulation and control, the total output of tobacco leaves has been effectively controlled. However, affected by the decrease in tobacco production and the drop of tobacco leaves consumption and other multiple factors, the total amount of tobacco leaves is still facing a situation of significant oversupply and the inventory level of tobacco leaves still remains high. Starting from this April, the tobacco industry actively carried out inventory verification work to reduce oversupply by comprehensively checking and verifying the quantity, grade and value of the tobacco leaves stored in stock. This verification process provided an effective safeguard for optimizing the structure of tobacco leaves inventory and expanding the effective supply of tobacco leaves. (Source: Tobacco Online and China Tobacco Market)

管理層討論及分析 (續)

細分市場方面，捲煙消費呈現新的發展趨勢。首先，細支煙銷量繼續保持高速增長。上半年全國細支煙銷量達到114.8萬箱，同比增加52.1萬箱或83.0%；佔全國銷量比重4.6%，同比提升2.0個百分點。其次，短支煙和爆珠煙發展迅猛。今年上半年，全國短支煙銷量達到10.8萬箱，同比增長180.1%；爆珠煙累計銷售13.5萬箱，同比增加10.1萬箱，成為除細支煙之外銷量最大的捲煙細分產品。細支煙、短支煙和爆珠煙的迅速發展為煙草行業穩定銷量、提升結構起到了積極作用。此外，高端煙市場回暖，上半年高端捲煙銷量167萬箱，同比增加14.6萬箱或9.6%，銷量增幅高於全國平均水平8個百分點。高端煙已成為行業結構提升的中堅力量。

煙葉方面，經過三年的宏觀調控，煙葉生產總量已得到有效控制，但由於捲煙產量的下滑以及單箱煙葉消耗下降等多重因素的影響，煙葉總量依然面臨嚴重供過於求的形勢，煙葉庫存水平仍居高不下。今年四月份開始，煙草行業積極進行煙葉清產核資工作，對庫存煙葉的數量、等級和價值進行全面的清查和核實，為優化庫存煙葉結構、擴大有效供給提供了有力保障。(資料來源：《煙草在線》《中國煙草市場》)

Management Discussion And Analysis (cont'd)

Overview of food and beverage industry and fragrances industry

In the first half of 2017, the food manufacturing developed steadily and rapidly, and the profitability of the food industry tends to be stable. Among them, the dairy beverage market picked up, and the production of dairy products turned better stably. The beverage market introduced innovative beverage products and the demand for healthier beverages, such as fruit and vegetable juice beverages, plant-based protein and milk beverages, increased rapidly. Products with more nutrients, diversification, high added-value and miniaturization became the new trends, and demand for intelligent, small-batched and customized products continued to increase. Bakeries maintained a good upward trend, and its development will be closely integrated with the individual needs of consumers. The pursuit of high added-value and high growth is the main direction for the industry's future development.

Snack food has salient ready-to-eat feature, which is highly compatible with current trend of convenience, showing a good momentum of development. In addition to the demand for taste, the market demand for health also increased gradually. Puffed food, with affordable prices, various product forms and varied tastes, is still one of the favorite products for consumers. The prefabricated food market is in strong demand. The demands for standardized and convenient delicacies are not only from the catering, but also extended to the family kitchens to meet the needs of fast-paced life for urban residents. Benefit from the recovery of the catering industry and the upgrading of household consumption, the condiment industry is expected to grow persistently.

In terms of fragrances industry, with the increase of residents' disposable income, the consumption of fragrance products in China has also increased year by year. The per capita disposable income of Chinese residents in effect increased by 7.3% in the first half of this year. The consumption structure continued to upgrade, and the market scale of consumer goods expanded further. The different segments of fragrances industry show various development trends. The product structure of household disinfectant market has a big change and the market for traditional coiled mosquito-repellent incense and insecticide spray has been shrinking year by year. Clean, convenient, non-fragrant liquid mosquito coils are still popular and maintain a growth trend. Personal cleaning and care products grow rapidly.

管理層討論及分析 (續)

食品飲料行業及日化行業概況

二零一七年上半年，食品工業生產平穩較快發展，食品行業盈利能力趨於穩定。其中，乳品飲料市場回暖，乳製品生產平穩向好。飲料市場不斷推出新型飲料產品，果蔬汁飲料及植物蛋白和含乳飲料等更注重健康的飲料的需求增長迅速。更營養、更多元、高附加值、小眾化已成為新的發展趨勢，智能化、小批量、定制化的生產需求不斷加大。烘焙食品繼續保持著良好的上升勢頭，其發展將緊密結合消費者需求的個性化。追求高附加值和高成長是行業未來發展的主要方向。

休閒食品即食性強，高度契合目前便捷化的趨勢，呈現良好的發展勢頭。除了口味需求，市場對其健康性的需求也逐步增強。膨化食品價格實惠，產品形式豐富多樣，口味多變，仍然是消費者喜愛的產品形式之一。預制食品市場需求強烈，標準化的、便捷的美味不僅是餐飲渠道的需求，還逐漸拓展到家庭廚房，以滿足城市居民快節奏的需求。受益於餐飲行業回暖和家庭消費升級，調味品行業有望持續增長。

日化行業方面，隨著居民可支配現金的增加，中國日化用品的消費也逐年增加。上半年中國居民人均可支配收入實際增長7.3%，消費結構繼續升級，消費品市場規模進一步擴大。日化行業的細分市場呈現出不同的發展態勢。家衛消殺市場的產品結構已發生較大調整。傳統的盤式蚊香和氣霧殺蟲劑已逐年萎縮，乾淨、方便、不加香的液體蚊香，繼續受消費者青睞，保持著增長態勢。個人清潔護理產品增長迅速。

Management Discussion And Analysis (cont'd)

Overview of the innovative tobacco products industry

In recent years, due to the gradually strengthened tobacco control by the government, the heightened tax burden and the increased awareness of consumers' health, the innovative tobacco products have developed rapidly. According to the "2016 World Tobacco Development Report 2016", the global e-cigarette market in 2016 was estimated to be about 10 billion U.S. dollars, mainly in the United States, Europe and Southeast Asia, where the United States accounted for about 43% of the market share. (Source: China Tobacco)

Innovation is an increasingly important growth driver for the tobacco industry. With the rapid growth of sales, major tobacco companies have stepped up their investments in innovation and development of innovative tobacco products. As one of the major markets for the innovative tobacco products, Asia has great potential. Among them, the Heat-Not-Burn ("HNB") products which do not produce smoke and soot, after accumulated years of research and development, gained high praise when it was launched in Japan in 2015. As shown in the related materials, the market share of the HNB products is expected to rise significantly from 4% in 2016 to 15% in 2017 and its penetration will accelerate further in the next couple of years. (Source: Goldman Sachs "Future of Tobacco")

In the future, the development of low-harm innovative tobacco products will be a big trend, and the international market has great market potential, but the development and growth of domestic market will depend on more clarity in the regulatory control and policy.

RESULTS

For the six months ended 30 September 2017, the Group's sales revenue reached approximately RMB1,638 million, representing an increase of approximately 3.7% over the corresponding period last year. Gross profit margin reached approximately 65.2%, which is similar with that of the corresponding period last year. EBIT margin reached approximately 37.0%, representing an increase of 1.4 percentage points as compared with the corresponding period last year. Profit attributable to equity holders of the Company was approximately RMB457 million, representing a decrease of approximately 3.6% over the corresponding period last year. Basic earnings per share was RMB14.70 cents, representing a decrease of approximately 3.7% over the corresponding period last year.

管理層討論及分析 (續)

新型煙草製品行業概況

近年來，由於政府控煙力度的逐步加強，稅收負擔的不斷加重，以及消費者健康意識的逐漸提高，新型煙草製品發展迅猛。根據《2016年世界煙草發展報告》，2016年全球電子煙市場約為100億美元，主要分佈在美國、歐洲和東南亞地區，其中美國約佔43%的市場份額（資料來源：中國煙草）

創新是煙草行業越來越重要的增長動力。隨著銷售額的快速增長，各大煙草公司紛紛加大對新型煙草製品的創新和拓展投入。亞洲作為新型煙草製品的主要市場之一，潛力巨大。其中，不產生煙霧和煙灰的加熱不燃燒產品(HNB)在累積了多年的研究和開發經驗之後，2015年在日本一經推出大獲好評。據有關資料顯示，加熱不燃燒產品在日本的市場佔比預計將從2016年的大約4%，顯著上升至2017年的15%左右，且其滲透速度在接下來的幾年預計將進一步加快。（資料來源：高盛《煙草的未來》）

未來，低危害的新型煙草製品的發展是一個大趨勢，國際市場具有極大的市場空間，而國內市場的開發及發展有待於監管及政策的明朗。

業績

截至二零一七年九月三十日止六個月，本集團實現銷售收入約人民幣16.38億元，同比增加約3.7%；毛利率約為65.2%，與上一年度同期相若；EBIT率達約37.0%，比上一年度同期上升了1.4個百分點。本公司權益持有人應佔盈利約為人民幣4.57億元，比上一年度同期減少約3.6%。每股基本盈利人民幣14.70分，比上一年度同期減少約3.7%。

Management Discussion And Analysis (cont'd)

管理層討論及分析 (續)

BUSINESS OVERVIEW

Review of flavours and fragrances business

For the six months ended 30 September 2017, sales revenue of the flavours and fragrances business of the Group amounted to RMB986 million, representing an increase of approximately 8.4% as compared to approximately RMB910 million for the corresponding period last year, accounting for approximately 60.1% of the Group's sales revenue. The operating profit of the segment was about RMB522 million, representing an increase of 0.8% as compared to the corresponding period last year. The EBIT margin was approximately 52.9%, representing a decrease of 4.0 percentage points as compared to approximately 56.9% for the corresponding period last year. The increase of sales revenue was mainly due to the recovery of the tobacco industry and increase of sales volume. The decrease of the operating profit was mainly due to the decrease of other income in the reporting period.

a) Flavours

In the first half of the year, with the stabilization of China's economy, the tobacco industry began to "pick up" after suffering from "sales winter" and the consumption of cigarettes gradually became rationalized. Driven by the economy rebound, the Group's tobacco flavours business has gradually stabilized and its sales revenue rose steadily. After years of efforts and through the possession of high-quality raw material resources, the Group has gradually established its own core raw material system, has trained an internationalized team of flavourists with first class standard, and gradually transformed from a simple flavour supplier to a system service solution provider gradually. At the same time, it has actively carried out a series of work in the aspects of overall marketing design of cigarettes and product system solution.

In terms of the food and beverage business, Shanghai H&K Flavors & Fragrances Co. Ltd., under the adverse circumstance where the price of raw material rose sharply, made efforts to control costs and improve operating efficiency and stabilized gross profit margin during the reporting period. While developing the domestic market, it actively went abroad to develop Southeast Asian markets and expand exports. Guangzhou Huabao Food Co. Ltd. was actively involved in technological innovation and product upgrades, and formed a new production line. Against the background of the overall increase in prices for some raw materials, it actively controlled its costs through different procurement strategies and achieved good results.

業務回顧

香精業務回顧

截至二零一七年九月三十日止六個月，本集團香精業務銷售收入為人民幣9.86億元，較去年同期的人民幣9.10億元增加了約8.4%，佔整個集團的收入約60.1%。板塊營運盈利達人民幣5.22億元，同比增加約0.8%；EBIT率達約52.9%，去年同期約為56.9%，下降了4.0個百分點。銷售收入增加主要是由於煙草行業回暖，銷售量增加；營運盈利下跌主要由於本期間的其他收入減少而致。

a) 食用香精

上半年，隨著中國經濟企穩向好，曾一度遭遇銷售「寒冬」的煙草行業開始「回暖」，捲煙消費逐漸恢復理性。受經濟回升的拉動，本集團傳統的煙草用香精業務也逐步趨於穩定，銷售收入穩中有升。經過多年的努力，本集團通過已掌握的優質原料資源，已逐步建立起自己的核心原料體系，培養了一支具有一流水平的國際化的調香師隊伍，並已從一個單純的香精供應商逐步向系統服務解決方案提供者轉變，同時在捲煙整體營銷設計、產品系統解決方案等方面積極開展了一系列工作。

食品飲料方面，報告期內，上海華寶孔雀香精有限公司在原材料價格大幅上漲的不利情況下，努力控制成本，提高經營效率，有效地穩定了毛利率；在開發國內市場的同時，積極走出國門，拓展東南亞市場，擴大出口。廣州華寶食品有限公司則積極投入技改，進行產品升級，形成了新的生產線，並在部分原材料價格整體行情上漲的情況下，通過不同的採購策略控制成本，取得了良好效果。

Management Discussion And Analysis (cont'd)

In response to the increasingly stringent requirements of the new environmental protection situation, the Group will establish a new production base of food flavours and food ingredients in Yingtan, Jiangxi Province.

b) *Fragrances*

During the reporting period, due to the substantial increase in price of some natural raw materials and imported raw materials from overseas, the cost of raw materials procurement of the Group increased significantly. Also, due to the decrease in the demand of detergent fragrances by some big clients and the impact of environmental protection factors, the sales of detergent fragrances of the Group declined as compared with the same period last year. In addition, the suspension of production during the 2017 BRICS summit held in Xiamen had a certain impact on half-year performance. In the second half of the year, with the advent of the sales season of fragrances and the improvement of the performance of traditional customers, it is expected that the performance of Xiamen Amber Daily Chemical Technology Co. Ltd. will be improved.

Overview of tobacco raw materials business

For the six months ended 30 September 2017, sales revenue of the tobacco raw material segment of the Group amounted to RMB278 million, representing a decrease of approximately 17.1% from RMB335 million of the corresponding period last year, accounting for approximately 17.0% of the Group's sales revenue. The operating profit of the segment was about RMB110 million, representing a decrease of 1.6% as compared to the corresponding period last year. The EBIT margin was approximately 39.4%, representing an increase of 6.2 percentage points as compared to approximately 33.2% for the corresponding period last year. The main reason for the decline in sales revenue of tobacco raw materials was due to the high inventory of tobacco leaves and the impacts of the production fluctuations caused by the periodic destocking of the industry. However, due to the remarkable results of the expense control by Guangdong Jinye, the EBIT margin increased as compared to the corresponding period last year.

管理層討論及分析 (續)

為適應日益嚴格的新環保形勢的要求，本集團將要在江西省鷹潭市積極籌建新的食品用香精及食品配料生產基地。

b) *日用香精*

報告期內，由於受到部分天然原料及國外進口原料價格大幅上漲的影響，本集團的原料採購成本大幅上升。而且由於部分大客戶洗滌類香精需求下降及環保因素的影響，本集團洗滌類香精的銷售較去年同期有所下降。另外，由於受到2017年在廈門舉辦的金磚峰會影響而導致峰會期間停產，對半年業績有一定的影響。下半年，隨著日用香精銷售旺季的來臨，以及傳統客戶業績的好轉，預計廈門琥珀日化科技股份有限公司的盈利情況將會得到改善。

煙用原料業務回顧

截至二零一七年九月三十日止六個月，本集團煙用原料板塊銷售收入為人民幣2.78億元，較去年同期的人民幣3.35億元減少約17.1%，佔整個集團的收入約17.0%。板塊的營運盈利達人民幣1.10億元，同比下降約1.6%；EBIT率約為39.4%，比去年同期的33.2%，上升了6.2個百分點。煙用原料的銷售收入減少主要是由於煙葉庫存高居不下及因煙葉週期性去庫存而致生產波動的影響。但由於廣東金葉費用控制成效顯著，EBIT率較上年有所上升。

Management Discussion And Analysis (cont'd)

During the reporting period, faced with the unfavorable situation in the industry, Guangdong Jinye, on one hand, strengthened its awareness of product quality, optimised the procurement structure of raw materials and actively expanded its exports. On the other, it endeavored to control costs and expenses and adopted a way of combining target costs and overall budget, so that it effectively controlled the increase of costs when the market price of some raw materials rose, and improved the company's cost-effectiveness. Although the current industry situation is difficult, the RTL has an indispensable role in the future tobacco market. In particular, after the industry achieving "three eliminations and one reduction" (de-capacity, de-stocking, de-leveraging, and cost reduction) and the real de-stocking of tobacco leaves, the development outlook of the RTL still remains good.

Driven by the recovery of the industry, the development momentum of tobacco new material business was very gratifying during the reporting period. Among them, the sales of capsules increased dramatically. Currently, the Group is actively expanding production capacity to meet the situation of short supply. In the second half of the year, with the completion of the new production line for capsules, the sales volume of capsules is expected to increase further. In addition, other products of the Group's new materials business, including wired conductors and smiley paper, etc., have shown various degrees of growth.

Review of aroma raw materials business

For the six months ended 30 September 2017, sales revenue of the aroma raw materials segment reached RMB250 million, representing an increase of 26.9% from RMB197 million of the last year, accounting for approximately 15.3% of the Group's revenue. Operating profit of the segment reached RMB49.3 million, representing a significant increase of approximately 57.5% from the corresponding period last year. The EBIT margin was approximately 19.7%, representing an increase of 3.8 percentage points as compared to approximately 15.9% for the corresponding period last year. The increases of sales revenue and operating profit were mainly due to the elimination of some industry capacity resulting from the increasingly stringent of the environmental protection requirements and the upgrade in production of this segment, resulted in the overall increase of the aroma raw materials business.

In order to better adapt to the new requirements of the environmental protection, during the reporting period, the Group successfully acquired 95% equity interest of Jiangxi Xianghai. In the future, it will build Jiangxi Xianghai as an important production base for the aroma raw materials segment, which will be principally engaged in the production, research and development and sales of aroma raw materials.

管理層討論及分析 (續)

報告期內，面對行業的不利形勢，廣東金葉一方面強化質量意識，優化原料採購結構，積極擴大出口；另一方面努力控制成本費用，並採用目標成本和全面預算相結合的方式，在部分原材料市場價格上升的情況下，有效地控制了成本的升幅，提升了公司的成本效益。雖然目前行業形勢困難，但煙草薄片在未來的煙草市場擁有不可或缺的一席之地，尤其在行業實現「三去一降」（去產能、去庫存、去槓桿、降成本）及煙葉真正去庫存之後，煙草薄片的發展前景依然良好。

受行業回升的拉動，報告期內捲煙新材料業務發展勢頭十分喜人。其中爆珠的銷量增長迅猛。目前，本集團正在積極擴大產能，以滿足供不應求的局面。下半年，隨著新的爆珠生產線的建成投產，爆珠銷量將會有進一步的增長。此外，本集團新材料業務的其他產品，包括芯線、笑臉紙等，均有不同程度的增長。

香原料業務回顧

截至二零一七年九月三十日止六個月，本集團香原料業務銷售收入為人民幣2.50億元，較去年同期的人民幣1.97億元增加約26.9%，佔整個集團的收入約15.3%。板塊的營運盈利達人民幣4,930萬元，同比大幅增加約57.5%；EBIT率達約19.7%，較去年同期約15.9%上升3.8個百分點。銷售收入和營運盈利上升主要是由於環保趨嚴，行業部分產能被淘汰，加上板塊對生產工藝升級，效率提高而使香原料整體業務上升。

為了更好地適應日益嚴格的環保要求，報告期內，本集團成功收購江西香海95%之股權，未來將把江西香海打造成為本集團香原料板塊的重要生產基地，主要從事各類天然及合成香原料的生產、研發和銷售。

Management Discussion And Analysis (cont'd)

During the reporting period, faced with the unfavorable situation of price increase and short supply of raw materials, the Group actively upgraded its manufacturing processes, which increased its production efficiency and decreased production costs. As a result, the aroma raw material segment maintained rapid growth, sales revenue and operating profit both achieved good results. At the same time, the Group actively expanded exports to consolidate the original Southeast Asia market and successfully entered into new markets of Europe and the U.S., so that the overall aroma raw materials business is in the rising trend of development.

The aroma raw materials industry belongs to the fine chemical industry. With the improvement of the national standards on environmental protection and safety production standards, some small and medium-sized chemical manufacturers will gradually be eliminated from the market. The Group will seize the opportunity of the industry consolidation and vigorously develop the aroma raw materials business. On the one hand, it will continue to upgrade existing products, reduce costs and increase efficiency. On the other, it will continue to develop new products and new technologies and strive to develop new customers to enrich product lines and create greater profit margins.

Review of the innovative tobacco products business

For the six months ended 30 September 2017, sales revenue of the Group's innovative tobacco products was RMB124 million, representing a decrease of approximately 9.2% as compared with RMB137 million of the corresponding period last year and accounting for approximately 7.6% of the Group's total revenue. Operating loss of the innovative tobacco products business amounted to RMB26.0 million, representing a decrease of loss of RMB31.5 million as compared to the corresponding period last year, and the segment was still in loss position during the reporting period. The decline in the sales revenue was mainly due to the adjustments of suppliers and product structure. Regarding the domestic business in China, due to the unclear regulatory framework in China's market, the management voluntarily slowed down the domestic business promotion after cautious valuation.

In August 2016, the U.S. Food and Drug Administration (FDA), for the first time, added the production, promotion and sales of e-cigarette products into institutional regulation in its newly published Tobacco Products Control Act. The introduction of the new legislation clarified the legality of the sales of e-cigarettes, imposed legal supervision on e-cigarettes that was in a grey area in the past, and provided consumers with an extra layer of protection. When the news came out, the market responded positively. The Group will actively promote building up the capital platform for e-cigarettes in the future.

管理層討論及分析 (續)

報告期內，面對多種原材料價格上漲，供應出現緊缺的不利局面，本集團積極對生產工藝進行升級改造，提高了生產效率，降低了生產成本，令香原料板塊上半年繼續保持高速增長，銷售收入和營運盈利均表現不俗。同時，本集團積極擴大出口，除了鞏固原有的東南亞市場，還成功進入歐美市場，令香原料整體業務呈上升發展趨勢。

香原料行業屬於精細化工行業。隨著國家對環保和安全生產標準的提高，部分中小型化工生產企業將逐漸退出市場，本集團將抓住行業調整的機遇，大力發展香原料事業。一方面繼續對現有產品進行升級改造，降低成本，提高效率，另一方面繼續開發新產品和新技術，努力開拓新客戶豐富產品線，創造更大的利潤空間。

新型煙草製品業務回顧

截至二零一七年九月三十日止六個月，本集團新型煙草製品業務的銷售收入為人民幣1.24億元，較去年同期的人民幣1.37億元減少約9.2%，佔整個集團的收入約7.6%。新型煙草製品業務的營運虧損為人民幣2,600萬元，虧損較去年同期減少約人民幣3,150萬元。報告期內板塊仍然處於虧損階段，銷售收入下降主要是由於調整供應商和產品結構導致。國內業務方面，因為中國市場監管框架尚未明確，管理層經謹慎評估之後主動暫緩國內業務推廣。

二零一六年八月，美國食品和藥物管理局(FDA)在其新頒布的《煙草製品的管控法案》中首次將電子煙產品的生產、宣傳和銷售納入機構監管。該法案的出台明確了電子煙銷售的合法性，讓過去一直處於灰色地帶的電子煙產品有了法律的監管，也讓消費者多了一層保障。消息一出，市場反應積極，本集團未來將研究和積極推進電子煙的資本平台搭建工作。

Management Discussion And Analysis (cont'd)

R&D and innovation capabilities

The Group has a leading R&D platform and a R&D team with international experience in the fields of tobacco, flavour and aroma raw materials. The Group established a state-level enterprise technical center and a post-doctoral scientific research station in Shanghai, and has established joint laboratories with several major tobacco enterprises. It has also established a designated RTL production and R&D base authorized by the State Tobacco Monopoly Administration in Shantou, Guangdong Province, and an overseas R&D center in Germany. The Group owns a R&D team consisting of experienced Chinese and foreign experts and its R&D strength continues to lead its peers in the domestic counterparts. For R&D investment, the R&D expenses of the Group for the six months ended 30 September 2017 amounted to approximately RMB126 million, accounting for approximately 7.7% of the total sales revenue, which increased further from that of approximately 7.0% for the corresponding period last year.

In terms of food flavours, during the reporting period, the Group successfully developed new types of sauces for bakeries, which were widely recognized by customers. In addition, the technologies of transparent emulsification and preparing antifreeze emulsified products have achieved positive results. In terms of fragrances, the Group has applied for a patent of invention for a mosquito and antibacterial spray which contains the natural plant essential oil and has also applied for several patents of utility models. The science and technology projects of Xiamen Amber – The research and development on deep processing technology for patchouli oil and expansion of production successfully passed the assessment this July. In terms of the aroma raw materials, some products of the Group won the certificate of high-tech products in Jiangsu Province and successfully applied for the certificate of food safety management system of ISO22000.

In terms of RTL, during the reporting period, Guangdong Jinye obtained several patents in the areas of papermaking RTL, dry-processed RTL and new tobacco stems, and further perfected the patent protection of Guangdong Jinye on the independent research and development of key technologies. In terms of new materials, the Group has achieved success in the development and application of aromatic slow-release congealed fat products, and the development of new aromatic fiber cores and functional aromatic firmware.

管理層討論及分析 (續)

研發和創新能力

本集團在煙草、香精及香原料等領域擁有領先的研發平台和具備國際經驗的研發團隊。本集團於上海建立了國家級企業技術中心和博士後科研工作站，並與多家大型煙草企業先後組建了聯合實驗室；於廣東汕頭建立了國家煙草專賣局認可的煙草薄片生產及研發基地，並於德國建立了海外研發中心。本集團擁有一支由具有豐富經驗的中外專家組成的研發團隊，研發實力在國內同行中繼續保持領先水平。研發投入方面，截至二零一七年九月三十日止六個月，本集團研發費用約為人民幣1.26億元，佔銷售收入總額的比例為約7.7%，較去年同期的大約7.0%進一步增加。

食用香精方面，報告期內，本集團成功研究開發出新型烘焙用醬料，受到客戶的廣泛認可；另外，透明乳化新工藝的研製和抗凍乳化產品的制備等技術取得了積極成果。日用香精方面，本集團研發的含天然植物精油的驅蚊抗菌噴劑已申請發明專利，同時還申請了多個實用新型專利。廈門琥珀的科技計劃項目 – 廣藿香油深加工的技術研發與擴大生產於今年七月順利通過驗收。香原料方面，本集團的部分產品獲得了江蘇省高新技術產品認定證書，並成功申報獲得了ISO22000的食品安全管理體系證書。

煙草薄片技術方面，報告期內，廣東金葉獲得了造紙法再造煙葉、干法再造煙葉以及新型煙梗領域的多項專利授權，進一步完善了廣東金葉對自主研發關鍵技術的專利保護。新材料方面，本集團在緩釋載香凝脂產品的開發及應用、新型載香芯線及功能化載香產品開發等方面取得了成功。

Management Discussion And Analysis (cont'd)

FUTURE PROSPECTS

In June 2017, the China Security Regulatory Commission has formally accepted the application of the initial public offering of RMB ordinary shares (A shares) and listing on the Growth Enterprise Market of Shenzhen Stock Exchange by the Group's proposed spin-off company Huabao Flavours & Fragrances Co. Ltd.. At present, the application for the proposed spin-off is still in progress.

In the second half of this year, with the further digestion of inventory of tobacco leaves and cigarettes, the Group's business will continue to develop steadily. The Management is confident in the full year's operation prospects. With the acceleration of consumption structure upgrade and the continuous increase of consumer health awareness, the Group will actively focus on the emerging potential markets and regard such markets as an important direction for R&D.

At present, the increasingly stringent environmental protection standards have brought new opportunities and challenges to enterprises. Some of the obsolete production capacity that cannot meet the environmental protection requirements will be eliminated. Under the triple opportunities of consumption upgrade, industry consolidation and tightening environmental protection, the Group will actively upgrade its products structure, improve the products chain and strengthen the core competitiveness. At the same time, the Group will actively focus on the emerging potential markets, focus on the complementary products in the field of "tasty fast-moving consumer goods", and, through a dual engine strategy of business model upgrade and industry consolidation, continue to be the leader to a better life.

管理層討論及分析 (續)

未來展望

二零一七年六月，中國證監會已正式受理本集團建議分拆公司華寶香精股份有限公司之首次公開發行人民幣(A股)並於深圳證券交易所創業板上市之申請。目前，有關建議分拆申請工作仍在處理中。

下半年，隨著煙葉和捲煙庫存的進一步消化，本集團的業務將繼續穩步發展。管理層對全年的營運前景充滿信心。隨著消費結構的加快升級和消費者健康意識的不斷提高，本集團將積極關注新興的潛力市場，並將此類市場做重點研發方向。

目前，日益嚴格的環保標準給企業帶來了新的機遇和挑戰，部分無法滿足環保要求的落後產能將被淘汰出局。在消費升級、行業整合和環保趨嚴的三重機遇下本集團將積極做好產品結構升級，完善公司產業鏈，加強核心競爭力。同時，積極關注新興的潛力市場，聚焦「味覺系快消品」領域的配套產品，並通過商業模式升級和行業整合的雙引擎戰略，繼續成為美味生活的引領者。

Management Discussion And Analysis (cont'd)

管理層討論及分析 (續)

FINANCIAL REVIEW

Analysis of interim results for the six months ended 30 September 2017

Sales revenue

The Group's sales revenue amounted to RMB1,637,877,000 for the six months ended 30 September 2017, representing an increase of 3.7% as compared with RMB1,580,110,000 for the corresponding period last year. The increase in the sales revenue is mainly attributable to the increase of sales revenue of flavours and fragrances and aroma raw materials as compared with the corresponding period last year. It was, however, partly offset by the decrease of sales revenue of tobacco raw materials and innovative tobacco products. For the six months ended 30 September 2017, sales revenue from flavours and fragrances increased by 8.4% to RMB985,932,000; sales revenue from tobacco raw materials decreased by 17.1% to RMB277,860,000; sales revenue from aroma raw materials increased by 26.9% to RMB249,793,000; and sales revenue from innovative tobacco products decreased by 9.2% to RMB124,292,000.

Cost of goods sold

The Group's cost of goods sold amounted to RMB570,586,000 for the six months ended 30 September 2017, representing an increase of 3.5% as compared with RMB551,184,000 for the corresponding period last year.

Gross profit and gross profit margin

The gross profit of the Group increased from RMB1,028,926,000 for the six months ended 30 September 2016 to RMB1,067,291,000 for the six months ended 30 September 2017, representing an increase of 3.7%. The Group's gross profit margin for the first half of the year is about 65.2%, which was similar with 65.1% for the corresponding period last year. This was mainly due to the Group's effective control of cost.

Other income and other gains – net

Other income and other gains – net of the Group was RMB63,736,000 for the six months ended 30 September 2017, representing a decrease of RMB54,314,000 as compared with RMB118,050,000 for the six months ended 30 September 2016. The decrease in other income and other gains was mainly due to the fact that the Group did not hold any financial assets at fair value through profit or loss during the six months ended 30 September 2017, and therefore no relevant income were generated during the period.

財務狀況回顧

截至二零一七年九月三十日止六個月的中期業績分析

營業額

截至二零一七年九月三十日止六個月，本集團的營業額達到人民幣1,637,877,000元，較上年同期的人民幣1,580,110,000元，增加3.7%。營業額的增加，主要是由於香精及香原料的銷售收入較去年同期上升，但被煙用原料及新型煙草製品的下降抵銷了部分升幅。截至二零一七年九月三十日止六個月，香精的營業額增加了8.4%至人民幣985,932,000元；煙用原料的銷售額減少了17.1%至人民幣277,860,000元；香原料的營業額增加了26.9%至人民幣249,793,000元；新型煙草製品的營業額減少了9.2%至人民幣124,292,000元。

銷售成本

截至二零一七年九月三十日止六個月，本集團的銷售成本為人民幣570,586,000元，較上年同期的人民幣551,184,000元增加了3.5%。

毛利和毛利率

本集團的毛利由截至二零一六年九月三十日止六個月的人民幣1,028,926,000元增加至截至二零一七年九月三十日止六個月的人民幣1,067,291,000元，增加3.7%。而本集團上半年的毛利率達65.2%，與去年同期的65.1%相若，主要是由於本集團的成本控制得宜。

其他收入及其他收益—淨額

截至二零一七年九月三十日止六個月，本集團的其他收入及其他收益—淨額為人民幣63,736,000元，較截至二零一六年九月三十日止六個月的人民幣118,050,000元減少了人民幣54,314,000元。其他收入及其他收益的減少主要是由於本集團於截至二零一七年九月三十日止六個月期間均無持有以公允值計量且其變動計入損益的金融資產，因此本期間沒有相關的收益。

Management Discussion And Analysis (cont'd)

Selling and marketing expenses

The selling and marketing expenses of the Group comprised mainly travelling expenses, transportation cost, advertising and promotion expenses, salaries and office expenses. The selling and marketing expenses of the Group for the six months ended 30 September 2017 were RMB103,511,000, representing a decrease of 20.9% as compared with RMB130,922,000 for the corresponding period last year. Selling and marketing expenses to total sales revenue for the six months ended 30 September 2017 and 2016 amounted to approximately 6.3% and 8.3% respectively, representing a decrease of 2.0 percentage points. The decrease in such ratio was mainly attributable to the effective control of expenses.

Administrative expenses

The Group's administrative expenses amounted to RMB422,257,000 for the six months ended 30 September 2017, representing a decrease of 6.8% as compared with RMB453,041,000 for the corresponding period last year. The ratio of administrative expenses to total sales was approximately 25.8%, representing a decrease of 2.9 percentage points as compared with 28.7% for the corresponding period last year. The decrease in such ratio was mainly attributable to the streamlined structure of the Group to increase efficiency and effective control of expenses.

Operating profit

The operating profit of the Group for the six months ended 30 September 2017 was RMB605,259,000, representing an increase of approximately 7.5% as compared with RMB563,013,000 for the corresponding period last year, while the operating profit margin increased by 1.4 percentage points to approximately 37.0% during the first half of the year from approximately 35.6% for the first half of last year. The increase in operating profit was mainly attributable to the Group's business growth and effective control of administrative and selling expenses.

Income tax expenses

The income tax expenses of the Group for the six months ended 30 September 2017 was RMB146,750,000, representing an increase of 23.5% as compared with RMB118,802,000 for the corresponding period last year. Income tax rate of the current period was approximately 22.6%, representing an increase of 2.2 percentage points as compared with the corresponding period last year. It was mainly attributable to the increase in provision of withholding income tax for current period.

管理層討論及分析 (續)

銷售及市場推廣開支

本集團銷售及市場推廣開支主要包括差旅費、運輸成本、廣告及宣傳費、薪金及辦公費用等。本集團截至二零一七年九月三十日止六個月的銷售及市場推廣開支為人民幣103,511,000元，較去年同期的人民幣130,922,000元減少了20.9%。於截至二零一七年及二零一六年九月三十日止六個月的銷售及市場推廣開支所佔銷售總額的比例分別為約6.3%及8.3%，減少了2.0個百分點。該比例的減少主要是由於本集團積極控制費用達到成效所致。

行政開支

本集團的行政開支在截至二零一七年九月三十日止六個月為人民幣422,257,000元，較上年度同期的人民幣453,041,000元，減少了6.8%。而行政開支所佔銷售總額的比例為約25.8%，較去年同期的28.7%下降了2.9個百分點。該比例下降的主要原因是本集團精簡架構增加效率以及有效控制開支所致。

營運盈利

本集團營運盈利在截至二零一七年九月三十日止六個月為人民幣605,259,000元，較上年同期的人民幣563,013,000元，增加了約7.5%。而本集團的營運盈利率則由上一年度上半年的約35.6%增加1.4個百分點至本年度上半年的約37.0%。營運盈利的增加主要是由於本集團業務有所增長以及行政及銷售費用控制得宜所致。

稅務開支

本集團的稅務開支在截至二零一七年九月三十日止六個月為人民幣146,750,000元，較去年同期的人民幣118,802,000元，增加了約23.5%。本期所得稅稅率約為22.6%，較去年同期增加了2.2個百分點，主要是由於本期預提所得稅有所增加所致。

Management Discussion And Analysis (cont'd)

Profit attributable to the equity holders of the Company

Profit attributable to the equity holders of the Company was RMB456,894,000 for the six months ended 30 September 2017, representing a decrease of 3.6% as compared with RMB473,956,000 for the corresponding period last year.

Net current asset value and financial resources

As at 30 September 2017, the net current asset value of the Group was RMB6,175,772,000 (31 March 2017: RMB6,314,161,000). The Group generates its working capital mainly through its operating activities to maintain a sound financial position. As at 30 September 2017, the Group's cash and bank balances amounted to RMB4,927,220,000 (31 March 2017: RMB4,901,955,000). The Group held structured investment products of RMB110,000,000 (31 March 2017: RMB111,000,000), which were classified as available-for-sale financial assets.

Bank borrowings and gearing ratio

As at 30 September 2017, the Group had bank borrowings of RMB47,000,000 (31 March 2017: RMB75,500,000), all of which were due within one year and unsecured loan. For the six months ended 30 September 2017, the average annual interest rate of such unsecured loan was 3.98% (2016: 4.05%). As at 30 September 2017, the Group's gearing ratio (total borrowings, include current and non-current borrowings, divided by total equity (excludes non-controlling interests)) was 0.5%, which was further lowered from 0.8% as of 31 March 2017.

Trade receivables turnover period

Trade receivables turnover period is calculated on the basis of the average amount of trade receivables as at the beginning and at the end of a relevant financial period divided by the total sales revenue for the corresponding period and multiplied by 180 days. The Group generally offers its customers a credit period of approximately 0-180 days, depending on the business volume of, and the length of business relationship with the customers. For the six months ended 30 September 2017, the Group's average trade receivables turnover period was 108 days, representing an increase of 11 days as compared with 97 days for the last financial year ended 31 March 2017, and it was basically consistent with the trade receivables turnover period of 107 days for the corresponding period last year. The indicator remained stable.

管理層討論及分析 (續)

本公司權益持有人應佔盈利

本公司權益持有人應佔盈利在截至二零一七年九月三十日止六個月為人民幣456,894,000元，較去年同期的人民幣473,956,000元減少了3.6%。

流動資產淨值和財務資源

於二零一七年九月三十日，本集團的流動資產淨值為人民幣6,175,772,000元（二零一七年三月三十一日：人民幣6,314,161,000元）。本集團主要透過經營業務提供營運資金，維持穩健財務狀況。於二零一七年九月三十日，本集團的銀行及庫存現金為人民幣4,927,220,000元（二零一七年三月三十一日：人民幣4,901,955,000元）。本集團持有之結構性理財產品金額為人民幣110,000,000元（二零一七年三月三十一日：人民幣111,000,000元），分類為可供出售金融資產列示。

銀行貸款及負債比率

於二零一七年九月三十日，本集團的銀行借貸總額為人民幣47,000,000元（二零一七年三月三十一日：人民幣75,500,000元），全部於一年內到期償還，且全部為無抵押貸款。截至二零一七年九月三十日止六個月，該無抵押貸款的平均年息率為3.98厘（二零一六年：4.05厘）。於二零一七年九月三十日，本集團之負債比率（總債務（包括流動及非流動貸款）除以總權益，不含非控制性權益）為0.5%，比二零一七年三月三十一日的0.8%進一步下降。

應收賬周轉期

應收賬周轉期乃通過將有關財政年度期初及期末經扣除撥備的應收貿易賬款平均金額除以相應期間的營業總額再乘以180天計算。本集團一般給予客戶約0至180日的信貸期，根據客戶業務量的大小和業務關係時間長短而定。截至二零一七年九月三十日止六個月，本集團的平均應收賬周轉期為108日，比較截至二零一七年三月三十一日止上一財政年度的97日上升了11日，而與去年同期的應收賬周轉期的107日相若，指標基本保持穩定。

Management Discussion And Analysis (cont'd)

Trade payables turnover period

Trade payables turnover period is calculated on the basis of the average amount of trade payables as at the beginning and at the end of a relevant financial period divided by the cost of goods sold for the corresponding period and multiplied by 180 days. Credit periods granted by suppliers to the Group ranged from 0-180 days. For the six months ended 30 September 2017, the Group's average trade payables turnover period was 90 days, remained basically stable as compared with 89 days for the last financial year ended 31 March 2017.

Inventory and inventory turnover period

As at 30 September 2017, the Group's inventory balance amounted to RMB732,146,000 (31 March 2017: RMB693,490,000). For the six months ended 30 September 2017, the inventory turnover period (calculated on the basis of the average amount of inventory balances as at the beginning and at the end of a relevant financial period divided by the total cost of goods sold for the corresponding period and multiplied by 180 days) was 225 days, representing an increase of 19 days as compared with 206 days for the last financial year ended 31 March 2017. However, it was lower than the inventory turnover period of 232 days of the corresponding period last year. The increase in inventory was mainly due to the appropriate increase in stock for aroma raw materials segment and new materials segment to meet the business development needs.

Foreign exchange and exchange rate risk

The principal businesses of the Group are located in Mainland China and the majority of the sales revenue is denominated in RMB, with the exception of only a certain amount of imported raw materials and equipment which are denominated in foreign currency such as USD or EUR. The Group's bank deposits are mainly denominated in RMB, USD and HKD. Management concurs the views of the People's Bank of China on the RMB exchange rate, that is, the RMB exchange rate has the capability to continuously remain basically stable within reasonable range of equilibrium.

Pledge of assets

As at 30 September 2017, the Group had no pledged assets.

Capital Commitments

As at 30 September 2017, the Group had capital commitments in respect of the purchase of property, plant, equipment, available-for-sale financial assets and investments in associates, contracted for but not provided in the financial statements amounted to approximately RMB142,302,000 (31 March 2017: RMB149,329,000), with investment in high-tech fund amounted to RMB87,709,000.

管理層討論及分析 (續)

應付賬周轉期

應付賬周轉期乃通過將有關財政年度期初及期末的應付貿易賬款平均金額除以相應期間的銷售成本再乘以180天計算。供應商給予本集團的信貸期介乎0至180日。截至二零一七年九月三十日止六個月，本集團的平均應付賬周轉期為90日，與截至二零一七年三月三十一日止上一財政年度的89日基本持平。

存貨和存貨周轉期

本集團的存貨結餘於二零一七年九月三十日為人民幣732,146,000元(二零一七年三月三十一日：人民幣693,490,000元)。在截至二零一七年九月三十日止六個月，存貨周轉期(將有關財政年度期初及期末的存貨平均結餘除以相應期間的銷售成本總額再乘以180天計算)為225日，比較截至二零一七年三月三十一日止上一個財政年度的206日上升了19日，但比去年同期的存貨周轉期232天有所下降。存貨的增加，主要是因為香原料板塊和新材料板塊業務發展需要而適量增加存貨所致。

外匯及匯率風險

本集團的主要業務均在中國，絕大部份的銷售收入都以人民幣結算，僅部份進口原料及設備以美元或歐元等外幣結算。本集團持有的銀行存款主要為人民幣、美元及港幣，管理層認同中國人民銀行對人民幣匯率的看法，即人民幣匯率有條件繼續在合理均衡水平上保持基本穩定。

資產抵押

於二零一七年九月三十日，本集團沒有資產被抵押。

資本承擔

於二零一七年九月三十日，本集團就已訂約購買的物業、廠房、設備、可供出售金融資產及於聯營公司之投資但並未於財務報表撥備的資本承擔約人民幣142,302,000元(二零一七年三月三十一日：人民幣149,329,000元)，主要為高科技創新基金的投資約人民幣87,709,000元。

Management Discussion And Analysis (cont'd)

Contingent liabilities

According to the information available to the Board, the Group had no contingent liabilities as at 30 September 2017.

HUMAN RESOURCES

As at 30 September 2017, the Group employed over 2,100 employees in the PRC, Hong Kong, Germany, U.S., Botswana and Korea. During the reporting period, in line with the business objective for the year, the Group made the work objective of strengthening management, optimizing system, improving efficiency and reducing cost, and did a good job in basic aspects of system implementation, management improvement, personnel optimization and supervision and implementation. In the meantime, the Group started from the internal human resources department to strengthen its management and strive to improve its ability to work in the department and its overall quality. In terms of recruitment, the Group has established a sound mechanism for diversification of recruitment forms, optimization of quality, and minimization of costs and humanization of services.

In terms of the construction of corporate culture, the Group adhered to the people-oriented principle, and dedicated itself to building a solid and passionate staff team. With the vision of "leader to a better life", the Group adhered to the corporate spirit of innovation, pragmatism, loyalty and collaboration, promoted culture landing through a variety of cultural activities and ongoing public welfare projects, and promoted continuous improvement of education and the environment so as to win social trust and sustainable development. During the reporting period, the Group helped poor pupils in poverty-stricken areas in poverty relief donations through "Huabao Action and Passing Love", which was highly evaluated and praised by peers and the government of Tibet. In the future, the Group will continue to play the leadership role in the industry and actively reward society while developing its business.

管理層討論及分析 (續)

或然負債

根據可供董事會查閱的資料，本集團於二零一七年九月三十日並無任何重大的或然負債。

人力資源

於二零一七年九月三十日，本集團在中國大陸、香港、德國、美國、博茲瓦納及韓國共聘用員工超過2,100人。報告期內，本集團圍繞全年經營目標，以強管理、優系統、提工效、降成本為工作目標，在制度落實、管理提升、人員優化和監督落實等方面紮實做好基本工作。同時，本集團從人力資源部門內部入手，加強管理，著力改變提升部門工作能力和整體素質。人員招聘方面，本集團已建立了完善的機制，做到招聘形式多樣化、質量趨優化、成本最小化和服務人性化。

企業文化建設方面，本集團堅持以人為本，致力於打造堅實而富有激情的員工團隊，以「美好生活引領者」為願景，堅持創新、務實、忠誠和協作的企業精神，通過豐富多樣的文化活動、持續性的公益項目等推動文化落地，推動教育和環境的不斷進步，以贏得社會的信任和可持續的發展。報告期內，本集團通過「華寶行動·傳遞愛心」活動對西藏貧困地區小學生進行扶貧捐贈活動。此舉得到了同行及西藏政府高度評價和讚許。未來，本集團將繼續發揮行業領導者的模範帶頭作用，在發展經營的同時，積極回報社會。

Other Information

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2017, the interests and short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register maintained by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long position in ordinary shares of the Company

Name of Directors	Capacity	Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
董事姓名	身份		
CHU Lam Yiu 朱林瑤	Held through controlled corporations ^(Note) 透過受控制公司持有 ^(附註)	2,287,578,900	73.60%
XIONG Qing 熊卿	Beneficial owner 實益擁有人	3,720,000	0.12%

Note: 2,287,578,900 ordinary shares of the Company were held by Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited and Real Elite Investments Limited, respectively. Ms. CHU Lam Yiu is the sole beneficial owner of the aforesaid six companies.

Save as disclosed above, as at 30 September 2017, none of the Directors nor their close associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its subsidiaries or associated companies as defined in the SFO.

其他資料

董事於股份、相關股份及債券之權益

於二零一七年九月三十日，董事及最高行政人員於本公司及其相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條規定所存置之登記冊所記錄之權益及淡倉；或擁有根據標準守則規定而須知會本公司及聯交所之權益及淡倉如下：

本公司之普通股好倉

Name of Directors	Capacity	Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
董事姓名	身份		
CHU Lam Yiu 朱林瑤	Held through controlled corporations ^(Note) 透過受控制公司持有 ^(附註)	2,287,578,900	73.60%
XIONG Qing 熊卿	Beneficial owner 實益擁有人	3,720,000	0.12%

附註：本公司之2,287,578,900股普通股乃分別由Mogul Enterprises Limited, Resourceful Link International Limited, Power Nation International Limited, Jumbo Elite Limited, Raise Sino Investments Limited和Real Elite Investments Limited持有。朱林瑤女士為上述六間公司的唯一實益擁有人。

除上文所披露者外，於二零一七年九月三十日，概無任何董事或彼等之緊密聯繫人於本公司或其任何附屬公司或相聯法團（定義見證券及期貨條例）之任何股份、相關股份或債券中擁有任何權益或淡倉。

Other Information (cont'd)

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed at the Company's annual general meeting held on 9 August 2016, the Company terminated the share option scheme adopted on 22 September 2006 ("2006 Share Option Scheme") and adopted a new share option scheme ("New Share Option Scheme") on 9 August 2016 ("Adoption Date"). The New Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date (can be terminated before expiration), the terms of the New Share Option Scheme are substantially the same as those of the 2006 Share Option Scheme. As at 30 September 2017, no share options had been granted under the New Share Option Scheme. The outstanding options granted under the 2006 Share Option Scheme shall continue to be valid and subject to the provisions of the 2006 Share Option Scheme.

As at 30 September 2017, the number of share options ("Share Options") granted by the Company pursuant to the 2006 Share Option Scheme which are valid and outstanding amounted to 2,600,000, representing approximately 0.08% of the issued share capital of the Company upon full exercise of the Share Options.

其他資料 (續)

購股權計劃

根據本公司於二零一六年八月九日舉行的股東週年大會上通過之普通決議案，本公司已終止於二零零六年九月二十二日採納之購股權計劃（「二零零六年購股權計劃」），並於二零一六年八月九日（採納日期）採納一項新購股權計劃（「新購股權計劃」）。新購股權計劃自採納日期起十年內有效（可提前終止），其條款與二零零六年購股權計劃大致相若。截至二零一七年九月三十日，本公司並無根據新購股權計劃授出購股權。根據二零零六年購股權計劃終止前已授出之尚未行使的購股權將繼續有效，並受二零零六年購股權計劃之條文所規限。

於二零一七年九月三十日，本公司根據二零零六年購股權計劃所授出而仍然有效及尚未行使的購股權（「購股權」）數目合共2,600,000股，購股權尚獲悉數行使將佔本公司已發行股本約0.08%。

Other Information (cont'd)

Details of Share Options granted, exercised, cancelled and lapsed during the reporting period under the 2006 Share Option Scheme are set out as follows:

其他資料 (續)

於報告期內，根據二零零六年購股權計劃批授、行使、註銷及失效的購股權詳情如下：

Grantee 承授人	Grant Date 授出日期	Exercise Price 行使價	Exercisable Period 可行使日期	Number of Share Options 購股權數目			Cancelled/ lapsed during the reporting period 報告期內 註銷/失效	Balance as at 30 September 2017 於二零一七年 九月三十日 結餘
				Balance as at 1 April 2017 於二零一七年 四月一日結餘	Granted during the reporting period 報告期內 批授	Exercised during the reporting period 報告期內 行使		
		HKD 港幣						
<i>Other Participants</i> 其他參與者	17 October 2007 二零零七年十月十七日	6.65	17/4/2008-16/10/2017	2,600,000	-	-	-	2,600,000 (Note) (附註)
Total 合計				2,600,000	-	-	-	2,600,000

Note: 2,600,000 Share Options would lapse on 17 October 2017.

附註：2,600,000股權於二零一七年十月十七日失效。

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than disclosed in Note 12 to the condensed consolidated interim financial information, at no time during the reporting period was the Company, its ultimate holding companies or any of its subsidiaries a party to any arrangements would enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

董事認購股份或債券之權利

除於簡明綜合中期財務資料附註12所披露者外，本公司或其任何附屬公司於報告期內任何時間均無參與任何安排，致使本公司之董事可藉收購本公司或任何其他法團之股份或債券而獲益。

Other Information (cont'd)

其他資料 (續)

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

主要股東之權益

As at 30 September 2017, other than the interests disclosed in the section headed "Directors' interests in shares, underlying shares and debentures", the register of substantial shareholders maintained by the Company under Section 336 of the SFO showed that the following person(s)/corporation(s) held interests or short positions in 5% or more of the issued share capital of the Company:

於二零一七年九月三十日，除於「董事於股份、相關股份及債券之權益」一節所披露之權益外，本公司根據證券及期貨條例第336條存置之主要股東登記冊顯示，下列人士／法團持有本公司已發行股本5%或以上權益或淡倉：

Long position in ordinary shares of the Company

本公司之普通股好倉

Name of Substantial Shareholders	Capacity	Number of issued Shares held 持有已發行股份數目	Percentage of the issued share capital 佔已發行股本百分比
主要股東名稱	身份		
Fosun International Limited	Held through controlled corporations ^(Note)	217,414,000	7%
復星國際有限公司	透過受控制公司持有 ^(附註)		

Note:

附註：

- Fosun International Limited was owned as to 71.82% by Fosun Holdings Limited, which in turn was a wholly-owned subsidiary of Fosun International Holdings Ltd. Mr. Guo Guangchang held 64.45% of the issued share capital of Fosun International Holdings Ltd. The interests that Fosun International Limited, Fosun International Holdings Ltd. and Mr. Guo Guangchang held in the 217,414,000 Shares, as set out in the above table, were from the same block of shares.

- 復星國際有限公司的71.82%已發行股本由復星控股有限公司擁有，而復星控股有限公司乃Fosun International Holdings Ltd.的全資附屬公司。郭廣昌先生則持有Fosun International Holdings Ltd. 64.45%的已發行股本。復星國際有限公司、Fosun International Holdings Ltd.及郭廣昌先生所擁有的本公司之217,414,000股權益（如上表所示），乃是關於同一筆股份。

Other Information

CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Board recognises the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for enhancing the level of transparency and accountability.

The Board members have regular discussions about the business strategies and performance of the Group and have regular trainings on Listing Rules and regulatory requirements provided by the legal adviser of the Company from time to time together with the relevant senior executives. Finance Department provides and reports to the Board members on key management accounting information of the Group on a regular basis. The Company has an established internal reporting practice throughout the Group to monitor the operation and business development of the Company so as to capture potentially price-sensitive information on a timely basis, and to monitor the continuing disclosure obligation.

Throughout the reporting period, the Company had complied with the code provisions in the CG Code and, where appropriate, adopted the recommended best practice as set out in the code provisions, except for code provisions A.2.1 and A.4.1:

Code provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Ms. CHU Lam Yiu, Chairwoman of the Board and Executive Director of the Company, took up the position of CEO starting from 9 April 2013. As the Board meets regularly to consider the matters relating to business operations of the Group, the Board is of the view that the above arrangement will not impair the balance of power and authority of the Board and the executive management. The effectiveness of corporate planning and implementation of corporate strategies and decisions will generally not be affected.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term and subject to re-election. The INEDs of the Company were not appointed for a specific term as they are subject to retirement by rotation no later than the third annual general meeting of the Company since their last appointment or re-election and are eligible for re-election in accordance with the Company's bye-laws. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those set out in the CG Code.

其他資料

企業管治

遵守《企業管治守則》

董事會重視良好企業管治常規的重要性及其所帶來的益處，並已採納若干企業管治及披露常規，力求提高透明度和問責水平。

董事會成員定期討論本集團的表現和經營策略，並與相關高層管理人員接受本公司法律顧問定期提供的上市規則和法規要求的培訓。財務部亦定期向董事會成員匯報和提供本集團重要的管理會計資料。本公司已建立集團內部匯報制度以監控本公司營運和業務發展的情況，以便按時記錄潛在股價敏感資料和監察持續披露責任。

於報告期內，本公司已遵守企業管治守則之守則條文，並在適當的情況下採納守則條文所載之建議最佳常規，惟守則條文第A.2.1條及第A.4.1條除外：

守則條文第A.2.1條規定，主席與行政總裁的角色應有區分，且不應由一人同時兼任。儘管本公司董事會主席兼執行董事朱林瑤女士自二零一三年四月九日起兼任首席執行官職務，惟董事會定期舉行會議討論有關本集團業務營運的事項，故董事會認為有關安排將不會損害董事會與執行管理層之間之權責平衡，公司的規劃、策略的執行及決策的效率大致上將不會受到影響。

守則條文第A.4.1條規定，非執行董事之委任須有指定任期，並須接受重新選舉。本公司之獨立非執行董事並無指定任期，但須根據本公司之公司細則於其上次獲委任或重選後不遲於本公司隨後舉行之第三屆股東週年大會上輪值告退，並符合資格膺選連任。因此，本公司認為已採取充分措施，以確保本公司企業管治常規不比企業管治守則所載之規定寬鬆。

Other Information (cont'd)

Environmental, Social and Governance Reporting

The Environmental, Social and Governance (“ESG”) Report which contains our ESG information in 2016-2017 and the requirements under the ESG Reporting Guidelines of the Listing Rules had been published by the Company on websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and of the Company (www.huabao.com.hk).

Changes to Information in respect of Directors

In accordance with Rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) between 16 June 2017 (being the date of approval of the Company’s 2016/17 Annual Report) and 21 November 2017 (being the date of approval of this Interim Report) of the Company are set out below:

1. Ms. MA Yun Yan was appointed as an independent non-executive director of Jiangsu Nata Opto-Electronic Material Co., Limited (listed on the Shenzhen Stock Exchange) with effect from 28 June 2017.
2. Mr. POON Chiu Kwok was appointed as an independent non-executive director of Yanzhou Coal Mining Company Limited (listed on the Hong Kong Stock Exchange) with effect from 29 June 2017.

Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code as the code of conduct regarding dealing in the securities of the Company by the Directors. Having made specific enquiries of all Directors, the Company has received their written confirmations that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 September 2017.

其他資料 (續)

環境、社會及管治報告

本公司之環境、社會及管治(「環境、社會及管治」)報告已於香港聯交所網站(www.hkexnews.hk)及公司網站(www.huabao.com.hk)刊登，當中載列我們於二零一六／二零一七年度在環境、社會及管治方面的資料，並已遵照上市規則有關環境、社會及管治報告指引的要求。

董事資料更新

根據上市規則第13.51B(1)條，按照第13.51(2)條(a)至(e)和(g)段要求，於二零一七年六月十六日(為通過本公司二零一六／二零一七年度之年度報告當日)至二零一七年十一月二十一日(為通過本中期報告當日)期間，本公司的董事資料變動載列如下：

1. 麻雲燕女士獲委任為江蘇南大光電材料股份有限公司之獨立非執行董事(於深圳證券交易所上市)，自二零一七年六月二十八日起生效。
2. 潘昭國先生獲委任為兗州煤業股份有限公司之獨立非執行董事(於香港聯交所上市)，自二零一七年六月二十九日起生效。

上市發行人董事進行證券交易的標準守則

本公司已採納標準守則，作為本公司董事進行本公司證券交易的操守準則。經向全體董事作出特定查詢後，本公司已收到全體董事之書面確認彼等於截至二零一七年九月三十日止六個月內已遵守標準守則所規定之標準。

Other Information (cont'd)

DIVIDENDS

The Company's final dividend of HK22 cents per Share (2016: Nil) in cash (amounting to RMB577 million in aggregate) for the year ended 31 March 2017 were paid to Shareholders on 18 August 2017.

The Board has resolved to declare an interim dividend of HK10.30 cents per Share (2016: Nil) and a special dividend of HK5.70 cents per Share (2016: Nil) both in cash for the six months ended 30 September 2017, which are expected to be paid around 12 January 2018, to Shareholders whose names appear on the Register of Members of the Company on 8 December 2017.

CLOSE OF REGISTER OF MEMBERS

In order to determine Shareholders who qualify for the interim and special dividends, the Register of Members of the Company will be closed from 6 December 2017 to 8 December 2017, both days inclusive, during which no transfer of shares will be effected. All properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 5 December 2017.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2017, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

Based on the information that was publicly available and to the best belief and knowledge of the Directors, the Company had maintained the prescribed public float throughout the six months ended 30 September 2017 and up to the date of this report as required under the Listing Rules.

其他資料 (續)

股息

本公司截至二零一七年三月三十一日止年度之現金期末股息每股港幣22仙(二零一六年:無),共約人民幣5.77億元,已於二零一七年八月十八日向股東派付。

董事會決議向於二零一七年十二月八日名列本公司股東名冊之股東宣派截至二零一七年九月三十日止六個月之現金中期股息每股港幣10.30仙(二零一六年:無)及特別股息每股港幣5.70仙(二零一六年:無),預期中期及特別股息約於二零一八年一月十二日派發。

暫停辦理股份過戶登記手續

為確保股東有資格獲派中期及特別股息,本公司將由二零一七年十二月六日至二零一七年十二月八日止(首尾兩日包括在內)暫停辦理股份過戶登記手續。所有填妥的過戶表格連同有關股票最遲須於二零一七年十二月五日下午四時三十分前送達本公司之香港股份過戶登記分處卓佳登捷時有限公司,地址為香港皇后大道東183號合和中心22樓。

購買、出售或贖回本公司之上市證券

於截至二零一七年九月三十日止六個月期間內,本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

公眾持股量

根據可供公眾查閱之資料以及據董事所知和所信,於截至二零一七年九月三十日止六個月內及截至本報告日,本公司已維持上市規則所規定之公眾持股量。

Other Information (cont'd)

AUDIT COMMITTEE

The Board has formed an Audit Committee in accordance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting procedure and internal control of the Company. The Audit Committee members currently comprises all of the INEDs of the Company, namely Dr. DING Ningning, Mr. LEE Luk Shiu, Ms. MA Yun Yan and Mr. WU Chi Keung. The Group's unaudited condensed consolidated interim financial information for the six months ended 30 September 2017 has been reviewed and approved by the Company's Audit Committee and the Board, and it has also been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 issued by the HKICPA

By Order of the Board
CHU Lam Yiu
Chairwoman and CEO

Hong Kong, 21 November 2017

其他資料 (續)

審核委員會

董事會已根據上市規則成立了審核委員會，以履行檢討及監察本公司財務匯報程序及內部監控之職責。審核委員會委員由本公司所有獨立非執行董事，即丁寧寧博士、李祿兆先生、麻雲燕女士及胡志強先生組成。審核委員會連同董事會已審閱並批准本集團截至二零一七年九月三十日止六個月之未經審核簡明綜合中期財務資料，並經本公司之核數師羅兵咸永道會計師事務所按照香港會計師公會頒佈之審閱準則第2410號進行審閱。

承董事會命
朱林瑤
主席兼首席執行官

香港，二零一七年十一月二十一日

Review Report



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF HUABAO INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 30 to 70 which comprises the condensed consolidated statement of financial position of Huabao International Holdings Limited (the "Company") and its subsidiaries as at 30 September 2017 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

審閱報告

羅兵咸永道

中期財務資料的審閱報告 致華寶國際控股有限公司董事會

(於百慕達註冊成立的有限公司)

引言

本核數師(以下簡稱「我們」)已審閱列載於第30至70頁的中期財務資料，此中期財務資料包括華寶國際控股有限公司(「貴公司」)及其子公司於二零一七年九月三十日的簡明綜合財務狀況表與截至該日止六個月期間的相關簡明綜合收益表、簡明綜合全面收益表、簡明綜合權益變動表和簡明綜合現金流量表，以及主要會計政策概要和其他附註解釋。香港聯合交易所有限公司證券上市規則規定，就中期財務資料編製的報告必須符合以上規則的有關條文以及香港會計師公會頒佈的香港會計準則第34號「中期財務報告」。貴公司董事須負責根據香港會計準則第34號「中期財務報告」編製及列報該等中期財務資料。我們的責任是根據我們的審閱對該等中期財務資料作出結論，並按照委聘之條款僅向整體董事會報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。

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Review Report (cont'd)

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21 November 2017

審閱報告 (續)

審閱範圍

我們已根據香港會計師公會頒佈的香港審閱準則第2410號「由實體的獨立核數師執行中期財務資料審閱」進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令我們可保證我們將知悉在審核中可能被發現的所有重大事項。因此，我們不會發表審核意見。

結論

按照我們的審閱，我們並無發現任何事項，令我們相信中期財務資料在各重大方面未有根據香港會計準則第34號「中期財務報告」編製。

羅兵咸永道會計師事務所

執業會計師

香港，二零一七年十一月二十一日

Condensed Consolidated Statement of Financial Position

(All amounts in RMB thousands unless otherwise stated)

簡明綜合財務狀況表

(除另有指明者外，所有金額均以人民幣千元列示)

		Note 附註	As at 30 September 2017 二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 二零一七年 三月三十一日 Audited 經審核
Assets	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	7	982,452	995,622
Land use rights	土地使用權	7	147,063	150,713
Intangible assets	無形資產	7	2,627,524	2,657,656
Investments in associates	於聯營公司之投資	8	380,745	379,106
Available-for-sale financial assets	可供出售金融資產	5	110,965	115,938
Deferred income tax assets	遞延所得稅資產	9	67,836	66,744
Other non-current assets	其他非流動資產		38,258	-
			4,354,843	4,365,779
Current assets	流動資產			
Inventories	存貨		732,146	693,490
Trade and other receivables	貿易及其他應收款項	10	1,232,871	1,425,527
Available-for-sale financial assets	可供出售金融資產	5	110,000	111,000
Short-term time deposits	短期定期存款		803,828	724,148
Cash and cash equivalents	現金及現金等價物		4,123,392	4,177,807
			7,002,237	7,131,972
Total assets	總資產		11,357,080	11,497,751
Equity	權益			
Capital and reserves attributable to the Company's equity holders	本公司權益持有人應佔股本及儲備			
Share capital	股本	11	318,647	318,647
Reserves	儲備	13	892,509	979,764
Retained earnings	保留盈利		8,408,260	8,528,166
			9,619,416	9,826,577
Non-controlling interests	非控制性權益		807,868	780,335
Total equity	總權益		10,427,284	10,606,912
Liabilities	負債			
Non-current liabilities	非流動負債			
Deferred income tax liabilities	遞延所得稅負債	9	73,349	56,307
Trade and other payables	貿易及其他應付款項	15	29,982	16,721
			103,331	73,028
Current liabilities	流動負債			
Borrowings	貸款	14	47,000	75,500
Trade and other payables	貿易及其他應付款項	15	603,397	561,604
Current income tax liabilities	當期所得稅負債		176,068	180,707
			826,465	817,811
Total liabilities	總負債		929,796	890,839
Total equity and liabilities	總權益及負債		11,357,080	11,497,751

The notes on pages 35 to 70 are an integral part of this condensed consolidated interim financial information.

第35頁至70頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Income Statement 簡明綜合收益表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Sales	6	1,637,877	1,580,110
Cost of goods sold		(570,586)	(551,184)
Gross profit		1,067,291	1,028,926
Other income and other gains – net	16	63,736	118,050
Selling and marketing expenses		(103,511)	(130,922)
Administrative expenses		(422,257)	(453,041)
Operating profit		605,259	563,013
Finance income		54,726	20,885
Finance costs		(10,895)	(2,214)
Finance income – net		43,831	18,671
Share of profit of associates		1,639	1,674
Profit before income tax		650,729	583,358
Income tax expense	18	(146,750)	(118,802)
Profit for the period		503,979	464,556
Attributable to:			
Equity holders of the Company		456,894	473,956
Non-controlling interests		47,085	(9,400)
		503,979	464,556
Earnings per share for profit attributable to the Company's equity holders for the period			
Basic (RMB cents)	19(a)	14.70	15.26
Diluted (RMB cents)	19(b)	14.70	15.26

The notes on pages 35 to 70 are an integral part of this condensed consolidated interim financial information.

第35頁至70頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Comprehensive Income

(All amounts in RMB thousands unless otherwise stated)

簡明綜合全面收益表

(除另有指明者外，所有金額均以人民幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit for the period	本期間盈利	503,979	464,556
Other comprehensive income: <i>Items that may be reclassified to profit or loss</i>	其他全面收益： 可重新分類至損益的項目		
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之除稅後的公允值變動	-	807
Currency translation difference on foreign operations	海外業務之貨幣換算差額	(89,559)	64,603
Other comprehensive (loss)/income for the period, net of tax	本期間除稅後其他全面(虧損)/收益	(89,559)	65,410
Total comprehensive income for the period, net of tax	本期間除稅後全面收益總額	414,420	529,966
Total comprehensive income attributable to:	應佔全面收益總額：		
Equity holders of the Company	本公司權益持有人	369,863	537,056
Non-controlling interests	非控制性權益	44,557	(7,090)
		414,420	529,966

The notes on pages 35 to 70 are an integral part of this condensed consolidated interim financial information.

第35頁至70頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Unaudited 未經審核					
		Attributable to equity holders of the Company 本公司權益持有人應佔					
		Share capital 股本	Reserves 儲備	Retained earnings 保留盈利	Total 總計	Non-Controlling interests 非控制性權益	Total equity 總權益
Balance at 1 April 2016 (Restated)	於二零一六年四月一日 (經重列)	318,534	381,113	7,788,871	8,488,518	285,953	8,774,471
Total comprehensive income for the six months ended 30 September 2016 (Restated)	截至二零一六年九月三十日止六個月的全面收益總額 (經重列)	-	63,100	473,956	537,056	(7,090)	529,966
Transactions with owners in their capacity as owners:	與本公司擁有人的交易:						
Dividends paid and payable to non-controlling interests	向非控制性權益已付及派付的股息	-	-	-	-	(2,989)	(2,989)
Appropriation from net profit	自純利撥付	-	60,764	(60,764)	-	-	-
Additional investment in a non-wholly owned subsidiary	額外注資於非全資附屬公司	-	(8,068)	-	(8,068)	8,068	-
Issue of new shares by a subsidiary to non-controlling interests	附屬公司向非控制性權益發行新股	-	225,871	-	225,871	621,053	846,924
Share-based payment – value of consultancy services	股份為基礎的支付 – 顧問服務價值	-	1,000	-	1,000	-	1,000
Total transactions with owners	與擁有人交易總額	-	279,567	(60,764)	218,803	626,132	844,935
Balance at 30 September 2016 (Restated)	於二零一六年九月三十日 (經重列)	318,534	723,780	8,202,063	9,244,377	904,995	10,149,372
Balance at 1 April 2017	於二零一七年四月一日	318,647	979,764	8,528,166	9,826,577	780,335	10,606,912
Total comprehensive income for the six months ended 30 September 2017	截至二零一七年九月三十日止六個月的全面收益總額	-	(87,031)	456,894	369,863	44,557	414,420
Transactions with owners in their capacity as owners:	與本公司擁有人的交易:						
Dividends paid to non-controlling interests	向非控制性權益已付的股息	-	-	-	-	(16,543)	(16,543)
Final dividends for the year ended 31 March 2017 paid to shareholders	截至二零一七年三月三十一日止年度已派付之期末股息	-	-	(576,800)	(576,800)	-	(576,800)
Acquisition of equity interest in Jiangxi Xianghai Biological Technology Co. Ltd ("Jiangxi Xianghai")	收購江西香海生物科技有限公司「江西香海」之權益	-	-	-	-	499	499
Additional investment in non-wholly owned subsidiaries	額外注資於非全資附屬公司	-	230	-	230	(980)	(750)
Disposal of a subsidiary	出售附屬公司	-	(454)	-	(454)	-	(454)
Total transactions with owners	與擁有人交易總額	-	(224)	(576,800)	(577,024)	(17,024)	(594,048)
Balance at 30 September 2017	於二零一七年九月三十日	318,647	892,509	8,408,260	9,619,416	807,868	10,427,284

The notes on pages 35 to 70 are an integral part of this condensed consolidated interim financial information.

第35頁至70頁的附註為本簡明綜合中期財務資料的整體部份。

Condensed Consolidated Cash Flow Statement

簡明綜合現金流量表

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

		Unaudited 未經審核	
		For the six months ended 30 September 截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	營運產生之現金	856,939	376,679
Income tax paid	已付所得稅	(135,290)	(98,492)
Net cash generated from operating activities	營運活動產生之現金淨額	721,649	278,187
Cash flows from investing activities	投資活動之現金流量		
Acquisition of a subsidiary	收購附屬公司	(17,646)	-
Acquisitions of associates	收購聯營公司	-	(127,328)
Purchases of available-for-sale financial assets	購入可供出售金融資產	(108,000)	(138,033)
Proceeds from disposals of available-for-sale financial assets	出售可供出售金融資產所得款	110,920	239,000
Purchases of property, plant and equipment, land use right and intangible assets	購入物業、機器及設備、土地使用權及無形資產	(32,714)	(26,120)
Proceeds from disposal of property, plant and equipment and intangible assets	出售物業、機器及設備及無形資產所得款項	290	163
Release in restricted bank deposits	提取受限制現金	-	100,845
Short-term time deposits (placed)/released	(存入)/提取短期定期存款	(79,680)	128,168
Dividend received	已收股息	7,756	8,905
Interest received	已收利息	48,851	12,934
Net cash (used in)/generated from investing activities	投資活動(所用)/產生之現金淨額	(70,223)	198,534
Cash flows from financing activities	融資活動之現金流量		
Dividends paid to shareholders	向股東支付股息	(576,800)	-
Dividends paid to non-controlling interests	向非控制性權益支付股息	(18,793)	(9,602)
Proceeds from the issue of new shares to non-controlling interests	向非控制性權益持有人發行新股之所得款	-	846,924
Acquisition of additional interests in a subsidiary from non-controlling interests	向非控制性權益收購附屬公司額外權益	(750)	-
New short-term bank borrowings	新增短期銀行借款	47,000	81,500
Repayment of short-term bank borrowings	償還短期銀行借款	(75,500)	(21,000)
Interest paid	已付利息	(10,895)	(2,202)
Net cash (used in)/generated from financing activities	融資活動(所用)/產生之現金淨額	(635,738)	895,620
Net increase in cash and cash equivalents	現金及現金等價物增加淨額	15,688	1,372,341
Cash and cash equivalents at 1 April	於四月一日之現金及現金等價物	4,177,807	2,653,110
Effects of currency translation on cash and cash equivalents	貨幣換算對現金及現金等價物的影響	(70,103)	61,308
Cash and cash equivalents at 30 September	於九月三十日之現金及現金等價物	4,123,392	4,086,759

The notes on pages 35 to 70 are an integral part of this condensed consolidated interim financial information.

第35頁至70頁的附註為本簡明綜合中期財務資料的整體部份。

Notes to the Condensed Consolidated Interim Financial Information

(All amounts in RMB thousands unless otherwise stated)

1. GENERAL INFORMATION

Huabao International Holdings Limited (the “Company”) was incorporated in Bermuda as an exempted company with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The Company is an investment holding company. The Company and its subsidiaries (the “Group”) are mainly engaged in the research and development, production, distribution and sale of flavours and fragrances, tobacco raw materials, aroma raw materials and innovative tobacco products in the People’s Republic of China (the “PRC”). Ms. Chu Lam Yiu, who is the Chairwoman of the Board of Directors, holds approximately 74% beneficial equity interest in the Company as at 30 September 2017.

This condensed consolidated interim financial information is presented in thousands of units of RMB (“RMB’000”) unless otherwise stated and it has been approved for issue by the Board of Directors on 21 November 2017.

This condensed consolidated interim financial information has been reviewed and has not been audited.

簡明綜合中期財務資料附註

(除另有指明者外，所有金額均以人民幣千元列示)

1. 一般資料

華寶國際控股有限公司(「本公司」)於百慕達註冊成立為獲豁免有限公司。其註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda。

本公司的股份主要於香港聯合交易所有限公司上市。

本公司為投資控股公司。本公司及其附屬公司(「本集團」)之業務主要在中華人民共和國(「中國」)研究及發展、生產、分銷及銷售香精、煙用原料、香原料及新型煙草製品。朱林瑤女士乃本公司之董事局主席，於二零一七年九月三十日，朱女士持有本公司約74%之權益。

本簡明綜合中期財務資料除另有指明者外，均以人民幣千元(「人民幣千元」)列示。本簡明綜合中期財務資料已於二零一七年十一月二十一日獲董事會批准刊發。

本簡明綜合中期財務資料已經審閱，並未經審核。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 September 2017 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants. This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 March 2017, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

(a) Change of presentation currency

Having considered that most of the Group’s revenue and business activities are conducted in mainland China and the functional currency of those subsidiaries in the mainland China is RMB, the Group has decided to adopt and use RMB as the presentation currency in presenting the financial performance and the financial position of the Group effective from 1 October 2016, so as to better reflect the underlying performance of the Group and for better alignment with the underlying business operations of the Group. As a result, the Group changed its presentation currency from HKD to RMB for the preparation of its financial statements.

The change in presentation currency has been applied retrospectively. The comparative figures in this condensed consolidated interim financial information were then translated from HKD to RMB using the applicable closing rates for assets and liabilities in the condensed consolidated statement of financial position and applicable average rates that approximated to actual rates for items in the condensed consolidated income statement. Share capital, share premium and reserves were translated at the exchange rate at the date when the respective amounts were determined (i.e. historical exchange rates).

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

2. 編製基準

本公司截至二零一七年九月三十日止六個月的簡明綜合中期財務資料已根據香港會計師公會頒佈的香港會計準則(「香港會計準則」)第34號「中期財務報告」而編製。本簡明綜合中期財務資料應與本集團根據香港財務報告準則(「香港財務報告準則」)而編製的截至二零一七年三月三十一日止年度的綜合財務報表一併閱讀。

(a) 呈報貨幣的變動

經考慮本集團大部份收益及業務均於中國內地進行，且於中國內地的該等子公司的功能貨幣均以人民幣計值，本集團已決定採納及使用人民幣作為呈報本集團財務表現及財務狀況的呈報貨幣，自二零一六年十月一日起生效，從而更好地反映本集團的實際表現及與本集團的實際業務營運更好地協同一致。因此，本集團已將其呈報貨幣由港元變更為人民幣，以編製其財務報表。

呈報貨幣的變動已追溯應用。本綜合財務報表的比較數字已由港元換算為人民幣，所使用的適用兌換率為綜合財務狀況表中資產及負債所採用的年終匯率以及綜合收益表項目所採用的實際匯率相若之適用平均匯率。股本、股份溢價及儲備均按於釐定各金額當日的兌換率(即歷史兌換率)換算。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2017, as described in those financial statements.

- (a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.
- (b) There are no other standards or interpretations that are effective for the first time for this interim period that have a material impact on the Group.
- (c) The following new standards and amendments to standards have been issued but are not yet effective and have not been early adopted by the Group:

3. 會計政策

除下文所述外，編製本簡明綜合財務資料中所採用之會計政策與截至二零一七年三月三十一日止年度的年度財務報表所採用的會計政策一致，並已詳列該財務報表內。

- (a) 中期所得稅乃按照預期年度的總盈利所適用之稅率予以預提。
- (b) 沒有其他在本中期期間首次生效的修改準則或詮釋預期會對本集團造成重大影響。
- (c) 已發佈但仍未生效而本集團亦無提早採納的新訂準則及準則修訂如下：

	Effective for annual periods beginning on or after 之後開始的年度期間起生效
HKFRS 9 "Financial instruments" 香港財務報告準則第9號「金融工具」	1 January 2018 二零一八年一月一日
HKFRS 15 "Revenue from contracts with customers" 香港財務報告準則第15號「客戶合同收入」	1 January 2018 二零一八年一月一日
HKFRS 4 (Amendments) "Insurance contracts "Applying HKFRS 9 financial instruments with HKFRS 4 insurance contracts" 香港財務報告準則第4號(修改)「針對香港財務報告準則第4號保險合同實施香港財務報告準則第9號金融工具」	1 January 2018 二零一八年一月一日
HKFRS 1 (Amendments) "First time adoption of HKFRS" 香港財務報告準則第1號(修改)「首次採納香港財務報告準則」	1 January 2018 二零一八年一月一日
HKAS 28 (Amendments) "Investments in associates and joint ventures" 香港會計準則第28號(修改)「在聯營和合營企業的投資」	1 January 2018 二零一八年一月一日
HK (IFRIC) 22 "Foreign currency transactions and advance consideration" 香港(國際財務報告解釋公告)第22號「外幣交易和預付/預收對價」	1 January 2018 二零一八年一月一日
HKFRS 16 "Leases" 香港財務報告準則第16號「租賃」	1 January 2019 二零一九年一月一日
HKFRS 10 and HKAS 28 (Amendments) "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" 香港財務報告準則第10號及香港會計準則第28號(修改)「投資者與其聯營或合營企業的資產出售或投入」	To be confirmed 待確定

The management is in the process of making an assessment of the impact of the above new standards and amendments to standards, and the result is consistent with assessment the management made and disclosed in the annual financial statements for the year ended 31 March 2017.

管理層正在評估上述新訂準則及準則修訂本的影響，結果與管理層於截至二零一七年三月三十一日止年度的年度財務報表中所作之評估一致。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 March 2017.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The condensed consolidated interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2017.

There have been no changes in the risk management policies since 31 March 2017.

5.2 Liquidity risk

As at 30 September 2017, the Group's net debt is zero (31 March 2017: zero), which is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

4. 估計

編製中期財務報表要求管理層對影響會計政策的應用和所報告資產和負債以及收支的數額作出判斷、估計和假設。實際結果或會與此等估計不同。

在編製此等簡明綜合中期財務資料時，管理層應用本集團會計政策時作出的重大判斷和估計不確定性的關鍵來源，與截至二零一七年三月三十一日止年度綜合財務報表所應用的相同。

5. 財務風險管理

5.1 財務風險因素

本集團的活動面對多項財務風險：市場風險（包括外匯風險、現金流量之利率風險及價格風險）、信貸風險及流動性風險。

簡明綜合中期財務資料並未包括年度財務資料規定的所有財務風險管理信息和披露，此中期財務報表應與本集團截至二零一七年三月三十一日止年度的年度財務報表一併閱讀。

自二零一七年三月三十一日以來，風險管理政策並無任何變動。

5.2 流動性風險

於二零一七年九月三十日，本集團之債務淨額為零（二零一七年三月三十一日：零）。債務淨額為總借貸（包括流動及非流動貸款）減去現金及現金等價物。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.3 Fair value estimation

The following categorises financial instruments carried at fair value based on the level of inputs to valuation techniques within a fair value hierarchy. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The financial assets of level 3 within the fair value hierarchy as at 30 September 2017 and 31 March 2017 were the available-for-sale financial assets. There were no transfers into or out of level 3.

There are no other financial instruments that were measured at fair value as at 30 September 2017 and 31 March 2017.

Market approach is adopted in valuation of available-for-sale financial assets. There were no changes in valuation techniques during the year.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

5. 財務風險管理 (續)

5.3 公允價值估計

以下對以公允價值計量的金融工具進行分類，乃根據在公允價值層級中輸入估值技巧的級別厘定。不同層級的定義如下：

- 相同資產或負債在活躍市場的報價（未經調整）（第一層）。
- 除了第一層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接（即例如價格）或間接（即源自價格）（第二層）。
- 資產和負債並非依據可觀察市場數據的輸入（即非可觀察輸入）（第三層）。

於二零一七年九月三十日及二零一七年三月三十一日，第三類公允價值架構內之金融資產為可供出售金融資產。概無任何金融資產於第三層架構類別轉入或轉出。

於二零一七年九月三十日及二零一七年三月三十一日，並無其他金融工具乃按公允價值計量。

可供出售金融資產的估值乃採用市場法。本期之估值方法並無改變。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

5. FINANCIAL RISK MANAGEMENT (continued)

5.4 Fair value measurements using significant unobservable inputs (Level 3)

		Available-for-sale financial assets 可供出售 金融資產
At 1 April 2017	於二零一七年四月一日	226,938
Additions	新增	108,000
Disposals	減少	(109,000)
Currency translation differences	貨幣換算差額	(4,973)
At 30 September 2017	於二零一七年九月三十日	220,965

There were no changes in valuation techniques during the period.

5.5 Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the valuation team at least once every half a year, in line with the Group's reporting dates.

5.6 Fair value of financial assets and liabilities measured at amortised cost

The fair value of financial assets and financial liabilities measured at amortised cost approximate their carrying amounts.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

5. 財務風險管理 (續)

5.4 使用重大不可觀察輸入的公允價值計量 (第三層)

		Available-for-sale financial assets 可供出售 金融資產
At 1 April 2017	於二零一七年四月一日	226,938
Additions	新增	108,000
Disposals	減少	(109,000)
Currency translation differences	貨幣換算差額	(4,973)
At 30 September 2017	於二零一七年九月三十日	220,965

期內，估值技巧並無變動。

5.5 本集團的估值過程

本集團財務部設有一個小組，負責就財務報告事宜執行對金融資產的評估，包括有關第三層公允價值。此小組直接向財務總監匯報。財務總監及評估小組乃按本集團之報告日期即每半年舉行一次討論估值流程與其結果。

5.6 按攤銷成本計量的金融資產及負債之公允價值

按攤銷成本計量的金融資產和負債的公允價值乃與其賬面值相若。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

6. TURNOVER AND SEGMENT INFORMATION

The Group has organised its operations into four main operating segments:

- (1) Flavours and fragrances;
- (2) Tobacco raw materials;
- (3) Aroma raw materials; and
- (4) Innovative tobacco products.

The chief operating decision-makers have been identified as the executive directors (the "Executive Directors"). The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from the operation's perspective and assess the performance of flavours and fragrances, tobacco raw materials, aroma raw materials and innovative tobacco products segments.

- (1) Flavours and fragrances segment includes research and development, production and sale of flavours and fragrances products.
- (2) Tobacco raw materials segment includes research and development, production and sale of paper-making reconstituted tobacco leaves and new materials products that are innovative, functional and applicable to tobacco industry.
- (3) Aroma raw materials segment includes research and development, manufacture and sale of aroma raw materials products that are extracted from natural materials or generated from chemical process.
- (4) Innovative tobacco products segment includes research and development, production and sale of e-cigarettes.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料

本集團的經營分為四項主要營運分部：

- (1) 香精；
- (2) 煙用原料；
- (3) 香原料；及
- (4) 新型煙草製品。

主要經營決策者明確為執行董事（「執行董事」），執行董事審閱本集團的內部報告以評估表現及分配資源。管理層按照此報告以決定營運分部。

執行董事從經營活動角度考慮業務及評估香精、煙用原料、香原料及新型煙草製品之分部業務表現：

- (1) 香精業務包括研發、生產及銷售香精產品。
- (2) 煙用原料業務包括研發、生產及銷售造紙法煙草薄片產品及創新、具功能性等適用於煙草行業的新材料產品。
- (3) 香原料業務包括研發、生產及銷售香原料產品，香原料乃通過化學反應合成或天然提取的「帶香物質」。
- (4) 新型煙草製品業務包括研發、生產及銷售電子霧化煙。

執行董事根據營運盈利的計量評估營運分部的表現。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

6. TURNOVER AND SEGMENT INFORMATION (continued)

The segment information for the six months ended 30 September 2017 is presented below:

		Unaudited 未經審核 For the six months ended 30 September 2017 截至二零一七年九月三十日止六個月					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Total turnover	總營業額	993,870	279,558	252,499	124,292	-	1,650,219
Inter-segment sales	分部間銷售	(7,938)	(1,698)	(2,706)	-	-	(12,342)
Segment turnover – net	分部營業額－淨額	985,932	277,860	249,793	124,292	-	1,637,877
Segment result	分部業績	522,004	109,575	49,328	(26,045)	(49,603)	605,259
Finance income	財務收入						54,726
Finance costs	融資成本						(10,895)
Finance income – net	財務收入－淨額						43,831
Share of profit of associates	應佔聯營公司之盈利						1,639
Profit before income tax	除稅前盈利						650,729
Income tax expense	所得稅						(146,750)
Profit for the period	本期間盈利						503,979
Depreciation	折舊	16,975	39,435	6,012	2,093	70	64,585
Amortisation	攤銷	6,743	3,831	7,090	15,653	1,715	35,032

		Unaudited 未經審核 As at 30 September 2017 於二零一七年九月三十日					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Segment assets	分部資產	5,683,697	1,979,576	636,063	276,252	2,781,492	11,357,080

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料 (續)

截至二零一七年九月三十日止六個月的分部資料呈列如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

6. TURNOVER AND SEGMENT INFORMATION (continued)

6. 營業額及分部資料 (續)

The segment information for the six months ended 30 September 2016 is presented below:

截至二零一六年九月三十日止六個月的分部資料呈列如下：

		Unaudited 未經審核 For the six months ended 30 September 2016 (Restated) 截至二零一六年九月三十日止六個月 (經重列)					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Total turnover	總營業額	937,391	341,325	199,066	136,907	1,245	1,615,934
Inter-segment sales	分部間銷售	(27,532)	(6,022)	(2,246)	(24)	-	(35,824)
Segment turnover – net	分部營業額－淨額	909,859	335,303	196,820	136,883	1,245	1,580,110
Segment result	分部業績	517,902	111,330	31,317	(57,500)	(40,036)	563,013
Finance income	財務收入						20,885
Finance costs	融資成本						(2,214)
Finance income – net	財務收入－淨額						18,671
Share of profit of associates	應佔聯營公司之盈利						1,674
Profit before income tax	除稅前盈利						583,358
Income tax expense	所得稅						(118,802)
Profit for the period	本期間盈利						464,556
Depreciation	折舊	19,393	39,643	5,909	2,143	136	67,224
Amortisation	攤銷	11,141	3,726	8,090	16,066	1,283	40,306

The segment assets as at 31 March 2017 are presented below:

於二零一七年三月三十一日的分部資產呈列如下：

		Audited 經審核 As at 31 March 2017 於二零一七年三月三十一日					
		Flavours and fragrances 香精	Tobacco raw materials 煙用原料	Aroma raw materials 香原料	Innovative tobacco products 新型煙草製品	Others 其他	Total 總計
Segment assets	分部資產	5,580,878	1,956,731	589,854	310,422	3,059,866	11,497,751

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

6. TURNOVER AND SEGMENT INFORMATION (continued)

Segment result represents the profit earned by each segment without inclusion of unallocated expenses, finance costs, finance income and share of results of associates. This is the measure reported to chief operating decision makers for the purposes of resource allocation and assessment of segment performance.

Non-current assets other than financial instruments and deferred tax assets of the Group as at 30 September 2017 and 31 March 2017 are mainly located in the PRC.

Revenues from external customers are derived from the sales of flavours and fragrances, tobacco raw materials and aroma raw materials to customers mainly located in the PRC, and the sales of innovative tobacco products to customers mainly located in the U.S..

Revenue derived from sales made to one single largest external customer for the six months ended 30 September 2017 amounted to 11% (30 September 2016: 13%) of the Group's total revenue. These revenues are attributable to flavours and fragrances segment.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

6. 營業額及分部資料 (續)

分部業績是代表各分部之盈利，當中並沒有包括未分類支出、融資成本、財務收入和應佔聯營公司之業績。此分部業績主要是為分配資源和評估各分部之表現而向主要營運決策者呈列的方式。

除金融工具和遞延所得稅資產以外，於二零一七年九月三十日及二零一七年三月三十一日本集團的非流動資產總額主要位於國內。

來自外部客戶的收入主要來自銷售香精、煙用原料及香原料予國內客戶，以及銷售新型煙草製品予美國客戶。

於截至二零一七年九月三十日止六個月期間，來源於最大外部單一客戶的收入佔集團總收入的11%（二零一六年九月三十日：13%）。這些收入是由香精分部產生的。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

7. PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS 7. 物業、機器及設備、土地使用權及無形資產

		Unaudited 未經審核						
	Note	Property, plant and equipment (excluding construction in progress) 物業、機器 及設備(不含 在建工程)	Construction in progress 在建工程	Total property, plant and equipment 物業、機器及 設備總計	Land use rights 土地使用權	Goodwill 商譽	Other intangible assets 其他 無形資產	Total intangible assets 無形 資產總計
	附註							
For the six months ended 30 September 2016	截至二零一六年 九月三十日止六個月							
At 1 April 2016 (Restated)	於二零一六年四月一日 (經重列)	1,053,636	36,104	1,089,740	154,724	2,286,001	431,757	2,717,758
Additions	添置	13,311	7,156	20,467	420	-	1,301	1,301
Transfers	轉移	21,054	(21,443)	(389)	-	-	389	389
Disposals	出售	(2,137)	-	(2,137)	-	-	(54)	(54)
Provisions for impairment	減值撥備	-	(956)	(956)	-	-	-	-
Depreciation and amortisation	折舊及攤銷	(67,224)	-	(67,224)	(2,587)	-	(37,719)	(37,719)
Currency translation differences	貨幣換算差額	7,916	(3,735)	4,181	578	6,116	9,207	15,323
At 30 September 2016 (Restated)	於二零一六年九月三十日 (經重列)	1,026,556	17,126	1,043,682	153,135	2,292,117	404,881	2,696,998
For the six months ended 30 September 2017	截至二零一七年 九月三十日止六個月							
At 1 April 2017	於二零一七年四月一日	978,231	17,391	995,622	150,713	2,276,413	381,243	2,657,656
Additions	添置	16,607	35,074	51,681	-	-	815	815
Acquisition of equity interest in Jiangxi Xianghai	收購江西香海之 股權	158	4,566	4,724	-	15,729	-	15,729
Transfers	轉移	4,359	(4,359)	-	-	-	-	-
Disposals	出售	(1,553)	-	(1,553)	-	-	-	-
Depreciation and amortisation	折舊及攤銷	(64,585)	-	(64,585)	(2,900)	-	(32,132)	(32,132)
Currency translation differences	貨幣換算差額	(3,432)	(5)	(3,437)	(750)	(2,845)	(11,699)	(14,544)
At 30 September 2017	於二零一七年九月三十日	929,785	52,667	982,452	147,063	2,289,297	338,227	2,627,524

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

8. INVESTMENTS IN ASSOCIATES

The Group has interests in five individually immaterial associates as at 30 September 2017. The following table analyses, in aggregate, the movements of the carrying amount of the Group's investments in these associates, and its share of results of these associates.

An analysis of the movements of equity investments in associates is as follows:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

8. 於聯營公司之投資

於二零一七年九月三十日，本集團於五個並非個別重大的聯營公司擁有權益。下表為本集團於該等聯營公司的投資及其於該等聯營公司應佔業績的合計賬面值變動的分析。

於聯營公司的權益投資變動分析如下：

		Unaudited 未經審核 For the six months ended 30 September 2017 截至二零一七年 九月三十日 止六個月
At 1 April	於四月一日	379,106
Share of profit of associates	應佔聯營公司盈利	1,639
At 30 September	於九月三十日	380,745

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

8. INVESTMENTS IN ASSOCIATES (continued)

As at 30 September 2017, the Group had interests in the following associates:

8. 於聯營公司之投資 (續)

於二零一七年九月三十日，本集團於以下聯營公司擁有權益：

Name	Country of incorporation	% of ownership interests	Principal activities
名稱	註冊成立國家	所持權益百分比	主要業務
Guizhou Huangguoshu Golden Leaf Technology Co., Ltd. ("Huangguoshu Golden Leaf") 貴州黃果樹金葉科技有限公司 (「黃果樹金葉」)	PRC 中國	40%	Produce and sell reconstituted tobacco leaves 生產和銷售再造煙葉
Yunnan Hongta Blue Eagle Paper Co., Ltd. 雲南紅塔藍鷹紙業有限公司	PRC 中國	25.1%	Manufacture and sales of cigarette paper and auxiliary products 生產和銷售捲煙用紙及輔助用品
Beijing Yunji Wuyu Technology Co., LTD 北京雲基物宇科技股份有限公司	PRC 中國	20%	Provide software development service and sale of self-developed software and electronic products 提供軟件開發服務及銷售自行開發之軟件及電子產品
Hunan Golden Leaf Reconstituted Tobacco Leaves Co., Ltd ("Hunan Golden Leaf") (i) 湖南金葉煙草薄片有限責任公司 (「湖南金葉」) (i)	PRC 中國	10%	Produce and sell reconstituted tobacco leaves 生產和銷售再造煙葉
Yunnan Ruisheng Tobacco Technology Group Co., Ltd. ("Yunnan Ruisheng") (i) 雲南瑞升煙草技術(集團)有限公司 (「雲南瑞升」) (i)	PRC 中國	6.72%	Research, develop, produce and sell flavours and additives 研發、生產和銷售香精香料及添加劑

(i) The Group has significant influence over Hunan Golden Leaf and Yunnan Ruisheng by appointing directors in the board of directors of these two companies.

(i) 本集團通過在湖南金葉和雲南瑞升的董事會中委任董事，對這兩間公司有重大影響力。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

9. DEFERRED INCOME TAX ASSETS/LIABILITIES

The movements in the deferred income tax are as follows:

		Unaudited 未經審核						
		Deferred income tax assets 遞延所得稅資產				Deferred income tax liabilities 遞延所得稅負債		
	Note	Unrealised profits arising from intra-group sales	Recoverable tax loss	Others	Total	Valuation surplus of assets and recognition of intangible assets	Withholding income tax on dividends expected to be remitted from group entities incorporated in the PRC	Total
	附註	集團內公司間銷售所產生的集團內未變現盈利	可彌補虧損	其他	總計	資產評估盈餘及無形資產的確認	於中國國內的公司預期匯出的股息所產生之預提所得稅	總計
At 1 April 2016 (Restated)	於二零一六年四月一日 (經重列)	58,813	5,825	1,845	66,483	71,100	-	71,100
Recognised in other comprehensive income	於其他全面收益確認	-	-	-	-	780	-	780
Recognised in the income statement	於損益表確認	(2,473)	-	922	(1,551)	(3,983)	-	(3,983)
Currency translation differences	貨幣換算差額	(851)	-	-	(851)	(274)	-	(274)
At 30 September 2016 (Restated)	於二零一六年九月三十日 (經重列)	55,489	5,825	2,767	64,081	67,623	-	67,623
At 1 April 2017	於二零一七年四月一日	54,154	7,142	5,448	66,744	38,260	18,047	56,307
Recognised in the income statement	於損益表確認	232	-	860	1,092	(3,049)	21,206	18,157
Currency translation differences	貨幣換算差額	-	-	-	-	(1,115)	-	(1,115)
At 30 September 2017	於二零一七年九月三十日	54,386	7,142	6,308	67,836	34,096	39,253	73,349

Deferred income tax assets are recognised for temporary differences mainly arising from unrealised profits from intra-group sales, and calculated under the liability method using the tax rate which are enacted or substantively enacted by the balance sheet date.

Deferred income tax liabilities arose from the valuation surplus of property, plant and equipment, land use rights, intangible assets, available-for-sale financial assets; recognition of intangible assets as a result of acquisition of subsidiaries; withholding income tax on dividends expected to be remitted abroad by group entities incorporated in the PRC.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

9. 遞延所得稅資產／負債

遞延所得稅變動如下：

集團內公司間銷售所產生的未變現盈利確認為遞延所得稅資產，其金額以負債法按結算日已生效或已實質生效的稅率計算暫時性差額確定。

遞延所得稅負債乃由於本公司收購附屬公司所導致之物業、機器及設備、土地使用權、無形資產和可供出售金融資產的評估盈餘、無形資產的確認、以公允價值計量且其變動計入損益的金融資產的公允價值變動而產生，及集團內於中國註冊成立的公司預期匯出境外的股息所產生之預提所得稅。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

9. DEFERRED INCOME TAX ASSETS/LIABILITIES (continued)

Pursuant to the Corporate Income Tax Laws of the PRC approved by the National People's Congress on 16 March 2007, a 10% withholding tax is levied on dividends remitted from the PRC entities to overseas investors with effect from 1 January 2008. A lower withholding tax rate of 5% is applied to Hong Kong investors as there is a tax treaty between the PRC and Hong Kong. However, the 5% treaty rate is not automatically granted. The taxpayer needs to apply to the relevant tax bureau for an approval for the treaty rate. The Directors estimated that a portion of profits generated by the PRC subsidiaries would be distributed to their Hong Kong immediate parent companies and the approval for the treaty rate will be obtained. Therefore, deferred income tax liabilities had been provided based on 5% or 10% of the estimated profits to be remitted to Hong Kong. The Directors of the Company will review the funding requirements of the Group and revise the dividend distribution policy of its subsidiaries as appropriate.

As at 30 September 2017, deferred income tax liabilities of RMB285,971,000 (31 March 2017: RMB327,717,000) have not been recognised for the withholding tax that would otherwise be payable on the undistributed profits of certain PRC subsidiaries.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

9. 遞延所得稅資產／負債 (續)

根據全國人民代表大會於二零零七年三月十六日通過的中國企業所得稅法，由二零零八年一月一日起，中國企業向海外投資者分派股息，需按10%之稅率徵收所得稅。基於中國及香港有特別稅務協定，故中國企業向香港投資者分派股息，可享有較優惠的稅率5%徵收。但該5%協定稅率並非自動獲得，納稅人需要向有關主管稅務局申請批准享有稅務協定。本公司董事預計會將某些中國大陸附屬公司之盈利派發股息予其於香港之直接母公司。因此，遞延所得稅負債乃按預期匯出香港之盈利以5%或10%的稅率計算。本公司董事將不時檢討本集團之資金需求並適時調整附屬公司之股息政策。

於二零一七年九月三十日，本集團並未就若干中國大陸附屬公司之未分派盈利可能產生的預提所得稅確認遞延所得稅負債人民幣285,971,000元(二零一七年三月三十一日：人民幣327,717,000元)。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

10. TRADE AND OTHER RECEIVABLES

		Note	As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Trade receivables	貿易應收款項	(a)	920,463	1,049,955
Less: Provision for impairment on trade receivables	減：貿易應收款項減值撥備		(11,835)	(14,558)
Trade receivables – net	貿易應收款項－淨額		908,628	1,035,397
Notes receivable	應收票據		145,949	180,758
Prepayments and other receivables	預付款項及其他應收款項		165,721	190,266
Advances to staff	員工墊款		5,405	5,740
Others	其他		11,486	13,366
Less: Provision for impairment on other receivables	減：其他應收款項減值撥備		(4,318)	–
			1,232,871	1,425,527

Except for prepayments of RMB33,246,000 (31 March 2017: RMB28,229,000), trade and other receivables balances are financial assets categorised under “loans and receivables”. All trade and other receivables are either repayable within one year or on demand. Accordingly, the fair values of the trade and other receivables approximate their carrying amounts.

除預付賬款人民幣33,246,000元(二零一七年三月三十一日：人民幣28,229,000元)外，貿易及其他應收款為金融資產被分類為「貸款和應收款項」。所有貿易及其他應收款項乃於一年內或於通知時清還。故貿易及其他應收款項賬面值與公允值相若。

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

10. 貿易及其他應收款項

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

10. TRADE AND OTHER RECEIVABLES (continued)

- (a) The credit period granted to customers generally ranges from 0 to 180 days. At 30 September 2017 and 31 March 2017, the ageing analysis of the trade receivables (including amounts due from related parties which are trade in nature) based on the invoice date was as follows:

		As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	810,817	934,268
91 – 180 days	91至180日	68,341	77,758
181 – 360 days	181至360日	17,431	15,899
Over 360 days	360日以上	23,874	22,030
		920,463	1,049,955

As at 30 September 2017, unbilled trade receivables of RMB305,876,000 (31 March 2017: RMB449,225,000) was categorised in the aging of 0-90 days.

於二零一七年九月三十日，未開發票之貿易應收款為人民幣305,876,000元（二零一七年三月三十一日：人民幣449,225,000元）已包括在0-90日賬齡內。

簡明綜合中期財務資料附註（續）

（除另有指明者外，所有金額均以人民幣千元列示）

10. 貿易及其他應收款項（續）

- (a) 授予客戶的信貸期一般為0至180日。於二零一七年九月三十日及二零一七年三月三十一日，貿易應收款項（包括關聯人士的貿易應收款項）根據發票日期的賬齡分析如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

11. SHARE CAPITAL

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

11. 股本

		Unaudited 未經審核	
		Number of shares 股份數目	RMB'000 人民幣千元
Ordinary shares, issued and fully paid:	普通股·已發行及繳足：		
At 1 April 2016 and 30 September 2016 (Restated)	於二零一六年四月一日及 二零一六年九月三十日 (經重列)	3,106,657,961	318,534
Issue of shares upon exercise of share awards	行使股份獎勵而發行的新股	1,304,915	113
At 1 April 2017 and 30 September 2017	於二零一七年四月一日及 二零一七年九月三十日	3,107,962,876	318,647

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

12. SHARE-BASED PAYMENT

Movements in the number of shares under share-based payment outstanding during the period are set out below:

			Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
			2017 二零一七年 Number of share options (‘000) 股份數目 (股數以千計)	2016 二零一六年 Number of share options (‘000) 股份數目 (股數以千計)
			Note 附註	
Share option	購股權			
At 1 April	於四月一日	(a i)	2,600	15,250
Lapsed	已失效	(a ii)	-	(1,800)
At 30 September	於九月三十日	(a iii)	2,600	13,450
Share award	股份獎勵			
At 1 April and 30 September	於四月一日及九月三十日	(b)	-	4,350
Total	總計		2,600	17,800

(a) Share option scheme

On 10 October 2006 and 25 October 2006, the Group granted 97,200,000 and 30,400,000 share options with an exercise price of HKD3.09 per share and vesting periods of 0 to 3 years to employees and directors respectively. On 17 October 2007, the Group granted 13,900,000 and 3,600,000 share options with an exercise price of HKD6.65 per share and vesting periods of 0.5 to 3 years to employees and a director respectively. The options have a contractual option term of 10 years. The Group has no legal or contractual obligation to repurchase or settle the options in cash. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

12. 股份為基礎的支付

於期內，以股份為基礎的支付下未行使的股份數目之變動列示如下：

			Unaudited 未經審核 For the six months ended 30 September 截至九月三十日止六個月	
			2017 二零一七年 Number of share options (‘000) 股份數目 (股數以千計)	2016 二零一六年 Number of share options (‘000) 股份數目 (股數以千計)
			Note 附註	
Share option	購股權			
At 1 April	於四月一日	(a i)	2,600	15,250
Lapsed	已失效	(a ii)	-	(1,800)
At 30 September	於九月三十日	(a iii)	2,600	13,450
Share award	股份獎勵			
At 1 April and 30 September	於四月一日及九月三十日	(b)	-	4,350
Total	總計		2,600	17,800

(a) 購股權

於二零零六年十月十日及二零零六年十月二十五日，本集團分別授出97,200,000及30,400,000股購股權，行使價為每股港幣3.09元及歸屬期為0至3年，予現有僱員及董事。及於二零零七年十月十七日，本集團分別授出13,900,000及3,600,000股購股權，行使價為每股港幣6.65元及歸屬期為半年至3年，予現有僱員及一名董事。合同規定購股權的期限為十年。本集團無法律義務或合同回購及以現金支付購股權。購股權的公允價值於授出日由Black-Scholes評估模型確認。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

12. SHARE-BASED PAYMENT (continued)

(a) Share option scheme (continued)

- (i) The weighted average exercise prices per share are HKD6.65 and HKD5.02 as at 1 April 2017 and 2016.
- (ii) Share options lapsed was due to resignation of an employee. The weighted average exercise price per share is HKD6.65 for the share options lapsed during the period ended 30 September 2016.
- (iii) The weighted average exercise prices per share are HKD6.65 and HKD4.80 as at 30 September 2017 and 2016 respectively.

Share options outstanding as at 30 September 2017 are analysed as follows:

Grantee	承授人	Exercise price in HKD per share 行使價港元 (每股計)	Number of share options ('000) 購股權數目 (股數以千計)	Expiry date 失效日期
Employees	僱員	6.65	2,600	16 October 2017 二零一七年十月十六日
At 30 September 2017	於二零一七年九月三十日		2,600	

All share options outstanding as at 30 September 2017 and 2016 are currently exercisable.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

12. 股份為基礎的支付 (續)

(a) 購股權 (續)

- (i) 於二零一七年及二零一六年四月一日，加權平均行使價分別為每股港幣6.65元及港幣5.02元。
- (ii) 購股權失效是由於僱員離職。截至二零一六年九月三十日止期間，失效的購股權之加權平均行使價為港幣6.65元。
- (iii) 於二零一七年及二零一六年九月三十日，加權平均行使價分別為港幣6.65元及港幣4.80元。

於二零一七年九月三十日未行使購股權之分析如下：

於二零一七年及二零一六年九月三十日，所有未行使的購股權於現在可予行使。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

12. SHARE-BASED PAYMENT (continued)

(b) Share award

On 30 December 2015, the Company granted not more than 4,349,717 awarded shares to a consultant ("Consultant") for payment of service fee to the Consultant on full completion of services ("Services") by the Consultant, or such lesser amount representing the part of Services completed by the Consultant pursuant to a service contract ("Service Contract"). It is considered as an equity-settled share-based payment and accounted for as restricted share award. As such, the services received are measured and accounted for at their fair values, which amounted to RMB10,000,000 and expensed over the vesting period on a straight-line basis. The corresponding equity for the settlement of payment is also increased by the fair value of the services received.

As at 30 September 2016 which being the expiry date of the Service Contract, the fair value of the part of Services completed under the Service Contract by the Consultant was RMB3,000,000. Based on the service completed, the Consultant would be entitled to 1,304,915 awarded shares and the remaining 3,044,802 awarded shares to which the Consultant was not entitled had been cancelled before 30 November 2016.

As at 31 March 2017, all the exercisable share award had been exercised by the Consultant.

(c) Share option scheme of VMR Products, LLC ("VMR")

VMR, a non-wholly owned subsidiary of the Group, operates a share option scheme which over 80,000 shares were authorised to be issued. All options vest over a three year period and have a contractual option term of 5 years. The fair value of the share options at the grant date was determined using the Black-Scholes valuation model.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

12. 股份為基礎的支付 (續)

(b) 股份獎勵

於二零一五年十二月三十日，本公司按服務合同（「服務合同」）授出不少於4,349,717股獎勵性股份予一位顧問（「顧問」）作為支付顧問完成全部服務（「服務」）的服務費（或按顧問完成部份服務所佔的較少總額）。此乃以股份為基礎的支付並以受限制股份獎勵入賬。因此，此服務以其公允價值人民幣10,000,000元計量和入賬並以直線法於等候期內支出，而服務的公允價值會增加權益金額。

截至二零一六年九月三十日（服務合同的屆滿日期），顧問根據服務合同已完成的部份服務之公允價值為人民幣3,000,000元。按所完成的服務，顧問有權獲取的獎勵性股份為1,304,915股，而顧問無權獲取的其餘的3,044,802股獎勵性股份已於二零一六年十一月三十日之前註銷。

顧問已於二零一七年三月三十一日前全數行使有權獲取的股份獎勵。

(c) VMR Products, LLC ("VMR")之購股權計劃

集團之非全資附屬公司VMR之購股權計劃的法定購股權為80,000股。所有已授出之購股權歸屬期為三年，合同規定購股權的期限為五年。購股權的公允價值於授出日由Black-Scholes評估模型確認。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

12. SHARE-BASED PAYMENT (continued)

(c) Share option scheme of VMR (continued)

Movements in the number of shares options outstanding during the period ended 30 September 2017 and their related weighted average exercise prices are set out below:

		Unaudited 未經審核 For the six months ended 30 September 2017 截至二零一七年九月三十日止六個月	
		Weighted average exercise price in USD per share 加權平均行使價 美元(每股計)	Number of share options 購股權數目
At 1 April 2017	於二零一七年四月一日	28.93	38,994
Lapsed	已失效	19.40	(7,500)
At 30 September 2017	於二零一七年九月三十日	31.20	31,494

Share options outstanding as at 30 September 2017 are analysed as follows:

於二零一七年九月三十日未行使購股權之分析如下:

Grantee	承授人	Exercise price in USD per share 行使價美元(每股計)	Number of share options 購股權數目	Expiry date 失效日期
Employees	僱員	21.27	8,000	3 December 2017 二零一七年十二月三日
Employees	僱員	21.27	3,950	14 September 2018 二零一八年九月十四日
Employees	僱員	96.99	5,000	1 July 2019 二零一九年七月一日
Employees	僱員	16.75	14,544	17 December 2020 二零二零年十二月十七日
At 30 September 2017			31,494	

19,313 share options out of total outstanding options as at 30 September 2017 are currently exercisable.

截至二零一七年九月三十日，未行使的購股權當中，19,313股購股權可予以行使。

簡明綜合中期財務資料附註(續)

(除另有指明者外，所有金額均以人民幣千元列示)

12. 股份為基礎的支付(續)

(c) VMR之購股權計劃(續)

截至二零一七年九月三十日止期間，未行使的購股權數目之變動及其相關之加權平均行使價列示如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

13. RESERVES

13. 儲備

		Unaudited 未經審核								
		Contributed surplus	Merger reserve	Share premium	Capital reserve	Capital redemption reserve	Share-based compensation reserve	Currency translation reserve	Other reserves	Total
		實繳盈餘	合併儲備	股份溢價	資本儲備	資本贖回儲備	以股份為基礎的酬金儲備	貨幣換算儲備	其他儲備	總計
At 1 April 2016 (Restated)	於二零一六年四月一日 (經重列)	296,853	(628,438)	426,866	2,411	4,749	41,228	(84,578)	322,022	381,113
Fair value changes on available-for-sale financial assets, net of tax	可供出售金融資產之 除稅後的公允值變動	-	-	-	-	-	-	-	807	807
Appropriation from net profit	自純利撥付	-	-	-	-	-	-	-	60,764	60,764
Additional investment in a non-wholly owned subsidiary	額外注資於 非全資附屬公司	-	-	-	-	-	-	-	(8,068)	(8,068)
Issue of new shares by a subsidiary to non-controlling interests	附屬公司向非控制性 權益發行新股	-	-	-	-	-	-	-	225,871	225,871
Share-based payment – value of consultancy services	股份為基礎的支付 —顧問服務價值	-	-	-	-	-	1,000	-	-	1,000
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	62,293	-	62,293
At 30 September 2016 (Restated)	於二零一六年九月三十日 (經重列)	296,853	(628,438)	426,866	2,411	4,749	42,228	(22,285)	601,396	723,780
At 1 April 2017	於二零一七年四月一日	296,853	(628,438)	429,861	2,411	4,749	39,120	35,622	799,586	979,764
Additional investment in non-wholly owned subsidiaries	額外注資於 非全資附屬公司	-	-	-	-	-	-	-	230	230
Disposal of a subsidiary	出售附屬公司	-	-	-	-	-	-	-	(454)	(454)
Currency translation differences	貨幣換算差額	-	-	-	-	-	-	(87,031)	-	(87,031)
At 30 September 2017	於二零一七年九月三十日	296,853	(628,438)	429,861	2,411	4,749	39,120	(51,409)	799,362	892,509

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

14. BORROWINGS

		Note	As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Current	流動			
– Unsecured bank borrowings	– 無抵押銀行貸款	(a)	47,000	75,500

(a) The unsecured bank borrowings are repayable within one year. During the period, the average interest rate was 3.98% (30 September 2016: 4.05%) per annum.

Borrowings are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of the Group’s borrowings approximate their carrying amounts.

Interest expense on bank borrowings for the six months ended 30 September 2017 amounted to RMB986,000 (30 September 2016: RMB952,000).

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

14. 貸款

(a) 無抵押銀行貸款需於一年內到期償還。於期內，該貸款平均利息為每年3.98厘（二零一六年九月三十日：4.05厘）。

貸款乃金融負債被分類為「按攤銷成本計量的金融負債」。貸款的賬面值與公允值相近。

截至二零一七年九月三十日止六個月的銀行貸款利息開支約為人民幣986,000元（二零一六年九月三十日：人民幣952,000元）。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

15. TRADE AND OTHER PAYABLES

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

15. 貿易及其他應付款項

		Note	As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Trade payables	貿易應付款項	(a)	284,364	288,422
Dividends payable	應付股息		–	2,251
Wages payable	應付工資		78,803	49,619
Other taxes payable	其他應付稅項		72,180	84,345
Accruals for expenses	應計開支		17,171	23,860
Advances from customers	客戶預付款		48,428	23,773
Payable for licence fee	應付專利權費		29,548	30,481
Payable for acquisition of a subsidiary	應付收購附屬公司款		7,563	–
Other payables	其他應付款項		95,322	75,574
			633,379	578,325

Except for other taxes payable of RMB72,180,000 (31 March 2017: RMB84,345,000), wages payable of RMB78,803,000 (31 March 2017: RMB49,619,000) and advances from customers of RMB48,428,000 (31 March 2017: RMB23,773,000), trade and other payables balances are financial liabilities categorised under “financial liabilities measured at amortised cost”. The fair values of trade and other payables approximate their carrying amounts.

除其他應付稅款人民幣72,180,000元(二零一七年三月三十一日:人民幣84,345,000元)、應付工資人民幣78,803,000元(二零一七年三月三十一日:人民幣49,619,000元)及客戶預付款人民幣48,428,000元(二零一七年三月三十一日:人民幣23,773,000元)外,貿易及其他應付款項乃金融負債被分類為「按攤銷成本計量的金融負債」。貿易及其他應付款項的公允價值與其賬面值相若。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

15. TRADE AND OTHER PAYABLES (continued)

- (a) As at 30 September 2017 and 31 March 2017, the ageing analysis of the trade payables (including amounts due to related parties which are trade in nature) based on the invoice dates was as follows:

		As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
0 – 90 days	0至90日	235,816	231,307
91 – 180 days	91至180日	21,441	33,747
181 – 360 days	181至360日	9,383	2,425
Over 360 days	360日以上	17,724	20,943
		284,364	288,422

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

15. 貿易及其他應付款項 (續)

- (a) 於二零一七年九月三十日及二零一七年三月三十一日，貿易應付款項（包括關聯人士的貿易應付款項）根據發票日期的賬齡分析如下：

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

16. OTHER INCOME AND OTHER GAINS – NET

16. 其他收入及其他收益 – 淨額

		Unaudited 未經審核	
		For the six months ended 30 September 截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Changes in fair value of financial assets at fair value through profit or loss	以公允值計量且其變動計入損益的金融資產的公允值變動	–	50,958
Government grants	政府津貼	59,044	72,701
Currency exchange gain/(loss) – net	貨幣匯兌收益/(虧損) – 淨額	672	(5,222)
Profit on disposal of a subsidiary	出售附屬公司之收益	454	–
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之收益	1,920	–
Others	其他	1,646	(387)
		63,736	118,050

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

17. EXPENSES BY NATURE

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed according to their nature (with the exception of "research and development expenses" which are shown as a single item and analysed according to their nature in note (a) below) as follows:

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Depreciation	折舊	7	53,308
Amortisation	攤銷	7	33,663
Provision for impairment on other non-current assets	其他非流動資產減值撥備		18,000
Employee benefit expenses	僱員福利開支		165,734
Research and development expenses	研究及發展開支	(a)	126,126
Lease rentals	租金		19,199
Travelling expenses	差旅開支		26,397
Utility expenses	公共設施開支		30,705
Delivery expenses	運輸開支		19,591
			56,417
			39,060
			-
			193,708
			110,890
			21,490
			47,472
			30,948
			18,959

(a) Depreciation, amortisation and employee benefit expenses included in research and development expenses are set out below:

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Depreciation	折舊	7	11,277
Amortisation	攤銷	7	1,369
Employee benefit expenses	僱員福利開支		38,865
			10,807
			1,246
			40,507

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

17. 按性質分類的開支

費用包括銷售成本、銷售及市場推廣開支及行政費用，並根據其性質（除附註(a)按照性質所單獨列示的「研究及發展開支」外，每項開支均已不包括有關研究及發展的金額）分析如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Depreciation	折舊	7	53,308
Amortisation	攤銷	7	33,663
Provision for impairment on other non-current assets	其他非流動資產減值撥備		18,000
Employee benefit expenses	僱員福利開支		165,734
Research and development expenses	研究及發展開支	(a)	126,126
Lease rentals	租金		19,199
Travelling expenses	差旅開支		26,397
Utility expenses	公共設施開支		30,705
Delivery expenses	運輸開支		19,591
			56,417
			39,060
			-
			193,708
			110,890
			21,490
			47,472
			30,948
			18,959

(a) 研究及發展開支中包括的折舊、攤銷及僱員福利開支列示如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
	Note 附註	2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Depreciation	折舊	7	11,277
Amortisation	攤銷	7	1,369
Employee benefit expenses	僱員福利開支		38,865
			10,807
			1,246
			40,507

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

18. INCOME TAX EXPENSE

18. 所得稅

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2017	2016
		二零一七年	二零一六年 (Restated) (經重列)
		Note 附註	
Current income tax:	即期稅項：		
– PRC corporate income tax	– 中國企業所得稅	(a)	116,655
– Hong Kong profits tax	– 香港所得稅	(b)	3,961
– Botswana company income tax	– 博茨瓦納企業所得稅	(c)	512
– Germany company income tax	– 德國企業所得稅	(d)	106
Deferred income tax	遞延所得稅	9	(2,432)
			146,750
			118,802

- | | |
|--|--|
| <p>(a) PRC corporate income tax has been calculated on the estimated assessable profit for the period at the tax rates applicable to respective companies of the Group.</p> | <p>(a) 中國企業所得稅撥備按本集團在中國大陸企業於本期間估計應課稅盈利以其適用的稅率而定。</p> |
| <p>(b) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the period.</p> | <p>(b) 香港所得稅按本期間估計應課稅盈利以稅率16.5% (二零一六年：16.5%) 撥備。</p> |
| <p>(c) Botswana company income tax has been provided at the rate of 15% (2016: 15%) on the estimated assessable profit for the period.</p> | <p>(c) 博茨瓦納企業所得稅按本期間估計應課稅盈利以稅率15% (二零一六年：15%) 撥備。</p> |
| <p>(d) Germany company income tax has been provided at the rate of 15% (2016: 15%) on the estimated assessable profit for the period.</p> | <p>(d) 德國企業所得稅按本期間估計應課稅盈利以稅率15% (二零一六年：15%) 撥備。</p> |
| <p>(e) The subsidiary in the U.S. is a limited partnership and is not chargeable to income tax at partnership level. The corporate owners of the partnership pay tax on its share of the partnership's taxable income at the rate of 35% for the period.</p> | <p>(e) 位於美國之附屬公司為有限合夥制並無須就其盈利課稅。企業之持有者須按其所佔企業本期應課稅盈利之份額繳交35%所得稅。</p> |
| <p>(f) No provision for income tax in other jurisdictions has been made as the Group had no assessable profit in other jurisdictions during the period.</p> | <p>(f) 本集團於有關期間在其他司法權區並無取得應課所得稅收入，故無為其他司法權區的所得稅作出撥備。</p> |

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

19. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

19. 每股盈利

(a) 基本

每股基本盈利乃根據本期間本公司權益持有人應佔盈利，除以期內已發行普通股的加權平均數目計算。

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	456,894	473,956
Weighted average number of ordinary shares in issue ('000)	已發行之普通股之加權平均數(千計)	3,107,963	3,106,658
Basic earnings per share (RMB cents per share)	每股基本盈利(每股人民幣分)	14.70	15.26

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

19. EARNINGS PER SHARE (continued)

(b) Diluted

Diluted earnings per share is calculated based on the weighted average number of ordinary shares outstanding, assuming that all dilutive potential ordinary shares have been issued. For the period ended 30 September 2017, the share options granted by the Company have no potential dilutive effect on the basic earnings per share.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

19. 每股盈利 (續)

(b) 攤薄

每股攤薄盈利假設所有可攤薄的潛在普通股被轉換後，根據已發行普通股的加權平均股數計算。在截至二零一七年九月三十日止期間，本公司授出之購股權對每股基本盈利沒有攤薄效應。

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Profit attributable to equity holders of the Company	本公司權益持有人應佔盈利	456,894	473,956
Weighted average number of ordinary shares used to calculate basic earnings per share ('000)	用以確定每股基本盈利的普通股的加權平均數 (千計)	3,107,963	3,106,658
Adjustment for:	調整:		
– Grant of awarded shares ('000)	– 授出獎勵性股份 (千計)	–	88
Weighted average number of ordinary shares for diluted earnings per share ('000)	每股攤薄盈利的普通股的加權平均數 (千計)	3,107,963	3,106,746
Diluted earnings per share (RMB cents per share)	每股攤薄盈利 (每股人民幣分)	14.70	15.26

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

20. DIVIDENDS

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Proposed interim dividend of HK10.30 cents (2016: nil) per share	擬派中期股息每股港幣10.30仙 (二零一六年：無)	271,993	-
Proposed special dividend of HK5.70 cents (2016: nil) per share	擬派特別股息每股港幣5.70仙 (二零一六年：無)	150,521	-
		422,514	-

Final dividend of HKD683,752,000 (approximately RMB576,800,000) for the year ended 31 March 2017 was paid in August 2017.

As the interim dividend and special dividend were declared after the balance sheet date, they have not been recognised as dividend payable as at 30 September 2017.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

20. 股息

截至二零一七年三月三十一日止年度之期末股息港幣683,752,000元(折合約人民幣576,800,000元)已於二零一七年八月支付。

由於中期股息及特別股息乃於結算日後宣派，此應付股息並未確認於二零一七年九月三十日之應付股息內。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

21. BUSINESS COMBINATIONS

In August 2017, Yancheng Huading Technology Co., Ltd, a non-wholly owned subsidiary of the Company, entered into an agreement with three independent third parties to acquire 95% equity interest in Jiangxi Xianghai, a company incorporated in the PRC, for a cash consideration of RMB25,208,496.

Jiangxi Xianghai is principally engaged in the production and sales of synthetic perfume. It is expected that the market position of the Group in this industry will be strengthened through merger and acquisition.

Jiangxi Xianghai had become a non-wholly owned subsidiary of the Group in September 2017. The Group has yet to undertake a detailed assessment of the fair value of assets and liabilities arising from the acquisition as at the acquisition dates, as a result, the goodwill of RMB15,729,269 is calculated based on the provisional fair value of Jiangxi Xianghai's net assets.

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

21. 業務合併

於二零一七年八月，本公司之非全資附屬公司，鹽城華鼎科技有限公司與三名獨立第三方簽署協議，以現金代價人民幣25,208,496元收購一家於中國成立的公司，江西香海的95%權益。

江西香海主要從事合成香料的生產及銷售。通過收購，本集團預期可加強其在市場上之地位。

江西香海於二零一七年九月成為本集團之非全資附屬公司。本集團將會對收購產生的資產和負債於收購日的公允值進行詳細評估，因此，是次收購產生的商譽為人民幣15,729,269元，乃基於江西香海的資產淨值之臨時公允值計算。

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

(All amounts in RMB thousands unless otherwise stated)

22. COMMITMENTS

(a) Capital commitments

Capital expenditure authorised but not contracted for, and contracted for but not yet incurred at the end of balance sheet date are as follows:

		As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Contracted but not provided for:	已簽約但未撥備：		
Property, plant and equipment	物業、機器及設備	11,173	14,733
Investment in an associate	於聯營公司之投資	43,420	43,420
Available-for-sale financial assets	可供出售金融資產	87,709	91,176
		142,302	149,329

(b) Operating lease commitments

Future aggregate minimum lease payments under non-cancellable operating leases at the closing date are as follows:

		As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Land and buildings:	土地及樓宇：		
Not later than 1 year	不超過1年	30,031	34,047
Later than 1 year and not later than 5 years	超過1年但不超過5年	62,589	73,864
Later than 5 years	超過5年	36,354	43,781
		128,974	151,692

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

22. 承擔

(a) 資本承擔

於結算日已批准但未簽約及已簽約但仍未產生的資本開支如下：

	As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Contracted but not provided for:		
Property, plant and equipment	11,173	14,733
Investment in an associate	43,420	43,420
Available-for-sale financial assets	87,709	91,176
	142,302	149,329

(b) 營運租賃承擔

於結算日根據不可撤銷營運租賃，未來最低租賃付款總額如下：

	As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
Land and buildings:		
Not later than 1 year	30,031	34,047
Later than 1 year and not later than 5 years	62,589	73,864
Later than 5 years	36,354	43,781
	128,974	151,692

Notes to the Condensed Consolidated Interim Financial Information (cont'd)

簡明綜合中期財務資料附註 (續)

(All amounts in RMB thousands unless otherwise stated)

(除另有指明者外，所有金額均以人民幣千元列示)

23 RELATED PARTY TRANSACTIONS

23. 關聯人士交易

(a) Name and relationship with related parties

(a) 關聯人士名稱與關係

Name 名稱	Relationship 關係
Huangguoshu Golden Leaf 黃果樹金葉	An associate indirectly held by the Company 本公司間接持有的聯營公司

(b) Balances with a related party

(b) 關聯人士結餘

		As at 30 September 2017 於二零一七年 九月三十日 Unaudited 未經審核	As at 31 March 2017 於二零一七年 三月三十一日 Audited 經審核
<i>Balance due from a related party:</i>	應收關聯人士結餘：		
- Huangguoshu Golden Leaf	— 黃果樹金葉		
- trade receivables	— 貿易應收款	1,541	-
- other receivables	— 其他應收款	91	24

The balance with a related party was unsecured, interest-free and repayable on demand.

所有關聯人士結餘均為無抵押、免息及須於通知時清還。

Notes to the Condensed Consolidated 本公司間接持有的聯營公司 (cont'd)

(All amounts in RMB thousands unless otherwise stated)

23 RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

Key management includes directors (executive, non-executive and independent non-executive) and senior management. The amounts of compensation paid and payable to key management for employee services during the six months ended 30 September 2017 and 2016 are shown below:

簡明綜合中期財務資料附註 (續)

(除另有指明者外，所有金額均以人民幣千元列示)

23. 關聯人士交易 (續)

(c) 主要管理人員酬金

主要管理人員包括董事(執行董事、非執行董事與獨立非執行董事)和高級管理人員。於截至二零一七年及二零一六年九月三十日止六個月內，向主要管理人員支付作為僱員服務的已付及應付酬金如下：

		Unaudited 未經審核	
		For the six months ended 30 September	
		截至九月三十日止六個月	
		2017 二零一七年	2016 二零一六年 (Restated) (經重列)
Fees, salaries and bonus	工資、薪酬及花紅	20,599	23,045
Employer's contributions to retirement benefit scheme	僱主就退休計劃供款	365	393
		20,964	23,438

Glossary

Board	The board of directors of the Company	董事會	本公司的董事會
Case	Each case contains 50,000 sticks of cigarette	箱	每箱含50,000支捲煙
CEO	Chief Executive Officer	首席執行官	首席執行官
CFO	Chief Financial Officer	首席財務官	首席財務官
CG Code	Corporate Governance Code as set out in Appendix 14 of the Listing Rules	企業管治守則	上市規則附錄十四所列的企業管治守則
China, Mainland or PRC Company or Huabao	The People's Republic of China Huabao International Holdings Limited	中國或國內本公司或華寶	中華人民共和國華寶國際控股有限公司
Director(s)	The director(s) of the Company	董事	本公司董事
e-cigarette(s)	Electronic cigarette(s)	電子煙	電子煙
Executive Director(s)	Executive director(s) of the Company	執行董事	本公司之執行董事
FCCA	Fellow member of the Association of Chartered Certified Accountants	FCCA	英國特許公認會計師公會資深會員
FCIS	Fellow member of The Institute of Chartered Secretaries and Administrators	FCIS	英國特許秘書及行政人員公會資深會員
FCPA	Fellow member of the Hong Kong Institute of Certified Public Accountants	FCPA	香港會計師公會資深會計師
FCPA (Aust.)	Fellow member of CPA Australia	FCPA (Aust.)	澳洲資深註冊會計師
FCS	Fellow member of The Hong Kong Institute of Chartered Secretaries	FCS	香港特許秘書公會資深會員
Group or Huabao Group	the Company and its subsidiaries	本集團或華寶集團	本公司及其附屬公司
Guangdong Jinye	Guangdong Golden Leaf Technology Development Co., Ltd	廣東金葉	廣東省金葉科技開發有限公司
HKD	Hong Kong dollars, the lawful currency of Hong Kong	港幣	港幣·香港法定貨幣
HKICPA	Hong Kong Institute of Certified Public Accountants	HKICPA	香港會計師公會
Hong Kong or HKSAR	Hong Kong Special Administrative Region of the People's Republic of China	香港	中華人民共和國香港特別行政區
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited	香港聯交所	香港聯合交易所有限公司
Jiangxi Xianghai INED(s)	Jiangxi Xianghai Biotechnology Co., Ltd. Independent Non-executive Director(s) of the Company	江西香海獨立非執行董事	江西香海生物科技有限公司本公司之獨立非執行董事
Listing Rules	the Rules Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange	上市規則	香港聯交所主板證券上市規則

詞彙

Glossary (cont'd)

Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules	標準守則	上市規則附錄十所列的上市發行人董事進行證券交易的標準守則
R&D	Research and development	研發	研究及發展
RMB	Renminbi, the lawful currency of the PRC	人民幣	人民幣·中國法定貨幣
RTL	Reconstituted Tobacco Leaves	煙草薄片	再造煙葉
SFO	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong	證券及期貨條例	香港法例第571章證券及期貨條例
Shareholder(s)	Shareholder(s) of the Company	股東	本公司之股東
Share(s) or ordinary share(s)	Ordinary share(s) of HKD0.10 each in the capital of the Company	股份或普通股	本公司股本中每股面值港幣0.10元的普通股
Shenzhen Stock Exchange U.S.	Shenzhen Stock Exchange in the PRC United States of America	深圳證券交易所 美國	中國深圳證券交易所 美利堅合眾國
USD	US dollars, the lawful currency of the United States of America	美元	美元·美國法定貨幣
Xiamen Amber	Xiamen Amber Daily Chemical Technology Co., Ltd.	廈門琥珀	廈門琥珀日化科技股份有限公司

詞彙 (續)

Huabao International Holdings Limited
華寶國際控股有限公司